

# Adjustment	Witness
01 Adjustment to Remove Capacity Charge Revenues	Amy Elliott
02 Removal of Effects of Decommissioning Rider Revenue and Expense	Tyler Ross
03 Remove Mitchell FGD Operating Expenses	Amy Elliott
04 Remove Mitchell Plant FGD and Consumable Inventory from Rate Base	Amy Elliott
05 Removal of Mitchell FGD Environmental Surcharge Rider Revenues	Amy Elliott
06 Remove Big Sandy Unit 1 Operation Rider Deferrals	Tyler Ross
07 Fuel Under / (Over) Revenues	John Rogness
08 Reset OSS Margin Baseline to 2016 Test Year OSS Margins	Alex Vaughan
09 PPA Rider Synchronization Adjustment	John Rogness
10 Remove DSM Revenue, Expense	Tyler Ross
11 Remove HEAP Revenue and Expense	Tyler Ross
12 Remove Economic Development Surcharge Revenue and Expense	Tyler Ross
13 Tariff Migration Adjustment	Alex Vaughan
14 Customer Annualization Adjustment	Alex Vaughan
15 Weather Normal Load Revenue Adjustment	Alex Vaughan
16 O&M Expense Interest on Customer Deposit	Stephen Sharp
17 Normalization of Storm Damage Expense	Ranie Wohnhas
18 Amortization of Major Storm Cost Deferral	Ranie Wohnhas
19 Rate Case Expense	John Rogness
20 Postage Rate Decrease Adjustment	Stephen Sharp
21 Eliminate Advertising Expense	Stephen Sharp
22 Annualization of Lease Costs	John Rogness
23 Adjust Pension and OPEB Expense	Tyler Ross
24 Employee Related Group Benefit Expenses	Tyler Ross
25 Remove PJM BLIs From Base for FAC Inclusion	John Rogness
26 Adjustment to Include Purchase Power Limitation Expense in Base Rates	Alex Vaughan
27 Adjustment to Include Forced Outage Purchase Power Limitation in Base Rates	Alex Vaughan
28 Annualize NITS/PJM LSE OATT Expense	Alex Vaughan
29 Annualize PJM Admin Charges	Alex Vaughan
30 Amortization of NERC Cost Deferral	Ranie Wohnhas
31 Severance Expense Adjustment	Tyler Ross
32 Incentive Compensation Expense Adjustment	Tyler Ross
33 Employee Merit Increases Adjustment	Tyler Ross
34 Overtime Related to Employee Merit Increases Adjustment	Tyler Ross
35 Annualization of Payroll Expense Adjustment	Tyler Ross
36 Savings Plan Expense Adjustment	Tyler Ross
37 Medicare Tax Expense Adjustment	Tyler Ross
38 Social Security Tax Expense Adjustment	Tyler Ross
39 Social Security Tax Base Adjustment	Tyler Ross
40 Eliminate Non-Recoverable Business Expenses	Stephen Sharp
41 Plant Maintenance Normalization	Ranie Wohnhas
42 Depreciation Annualization Adjustment Electric Plant in Service	Tyler Ross
43 Update of Big Sandy Unit 1 Depreciation	Tyler Ross
44 Decrease ARO Depreciation Expense to an Annualized Level	Tyler Ross
45 Decrease ARO Accretion Expense to an Annualized Level	Tyler Ross
46 Annualization of Cable Pole Attachment Revenues	Stephen Sharp
47 KPSC Maintenance Assessment	Stephen Sharp
48 State Gross Receipts Tax Adjustment	Jeff Bartsch
49 Interest Synchronization Adjustment	Ranie Wohnhas
50 AFUDC Offset Adjustment	Ranie Wohnhas
51 Mitchell Coal Stock Adjustment	John Rogness
52 Employee Complement Increase	Ranie Wohnhas
53 Adjustment to Remove Big Sandy Unit 2 Deferred Tax Liability from Rate Base	Tyler Ross
54 Adjustment to Recognize Accrued Surcharge Revenue Differences	Alex Vaughan
55 Mitchell Plant ADSIT Amortization	Jeff Bartsch
56 Decrease O&M for Vegetation Management Tree Trimming	Ranie Wohnhas
57 Annualization of Property Taxes	Amy Elliott

Kentucky Power Company
 Adjustment to remove capacity charge revenues
 Test Year Twelve Months Ended 2/28/2017
 W01

LINE NO.	DESCRIPTION	KPCO TOTAL COMPANY ADJUSTMENT	ALLOCATION METHOD	ALLOCATION FACTOR	KENTUCKY PSC RETAIL JURISDICTION ADJUSTMENT
1	44X Retail Revenue	\$ (6,396,832)	Specific	1.00	\$ (6,396,832) Reduce Firm Sales

Witness: Amy J. Elliott

Kentucky Power Company
Removal of Effects of Decommissioning Rider
Revenue and Expense
Test Year Ended 2/28/2017
W02

Line No.	Description (a)	Amount (b)	Allocation Factor (c)	Factor (c)	KPSC Jurisdictional Amount (d) (b * c)
1	Decrease Test Year Revenue to Remove Decommissioning Rider Revenues - Account 44x	\$ (16,524,933)	Direct	1.000	\$ (16,524,933)
2	Decrease Test Year O&M Expense for Big Sandy Coal O&M Costs:				
1	5000000 Engineering Expenses	(1,186)	PDAF	0.985	(1,168)
3	5000001 Engineering Expenses	(901)	PDAF	0.985	(887)
4	5060000 Steam Power Expenses	(35,973)	PDAF	0.985	(35,433)
5	5110000 Structure Maintenance	(4,244)	PDAF	0.985	(4,180)
6	5120000 Boiler Maintenance	(36,549)	PDAF/EAF	0.986	(36,037)
7	5130000 Plant Maintenance	(5,352)	PDAF	0.985	(5,272)
8	5140000 Misc Plant Maintenance	(3,117)	PDAF	0.985	(3,070)
8	Increase Test Year O&M Expense for Big Sandy Coal O&M Deferral - Account 5120034	87,322	PDAF/EAF	0.986	86,100
9	Decrease Test Year ARO Accretion Expense for Big Sandy Coal - Account 4111005	(2,605,227)	PDAF	0.985	(2,566,149)
10	Increase Test Year ARO Accretion Expense for Big Sandy Coal ARO Deferral - Account 4111005	2,605,227	PDAF	0.985	2,566,149
11	Decrease Test Year Amortization Expense for Big Sandy Coal Amortization - Account 4073014	(1,987,451)	Direct	1.000	(1,987,451)

Witness: T. H. Ross

Kentucky Power Company
 Eliminate Mitchell FGD Operating Expenses
 Test Year Ended 2/28/2017
 W03

Line No. (1)	Description (2)	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Total
	Total Operating Expense	\$ 318,043	\$ 245,757	\$ 160,729	\$ 241,457	\$ 414,224	\$ 392,235	\$ 207,560	\$ 125,659	\$ 486,044	\$ 290,877	\$ 217,457	\$ 187,574	
1	502X-Consumables	\$ 16,971	\$ 16,971	\$ 16,961	\$ 16,975	\$ 17,004	\$ 17,004	\$ 17,004	\$ 17,057	\$ 17,057	\$ 17,063	\$ 17,063	\$ 17,063	
2	408100515-Property Tax	\$ 829,344	\$ 829,351	\$ 828,870	\$ 829,526	\$ 830,959	\$ 830,959	\$ 830,959	\$ 833,574	\$ 833,578	\$ 833,613	\$ 833,827	\$ 833,858	
3	4030001-Depreciation	\$ (58,805)	\$ 6,661	\$ (65,399)	\$ (61,277)	\$ (47,334)	\$ (26,468)	\$ 16,769	\$ (56,906)	\$ 359	\$ 21,108	\$ (102,925)	\$ (13,424)	
4	5010027-Gypsum Disposal	\$ 107,549	\$ 88,807	\$ 129,179	\$ 65,012	\$ 83,422	\$ 34,025	\$ 134,466	\$ 162,585	\$ 231,405	\$ 210,884	\$ 132,513	\$ 55,458	
5	5120000-FGD Maintenance Expense	\$ 1,213,103	\$ 1,187,847	\$ 1,070,340	\$ 1,081,693	\$ 1,288,275	\$ 1,247,754	\$ 1,206,757	\$ 1,081,989	\$ 1,568,442	\$ 1,373,540	\$ 1,097,935	\$ 1,080,523	
6	Total Mitchell FGD Operating Expenses	\$ 96.6%	\$ 97.0%	\$ 97.5%	\$ 86.9%	\$ 84.8%	\$ 86.4%	\$ 95.5%	\$ 93.4%	\$ 81.6%	\$ 90.5%	\$ 96.2%	\$ 97.1%	
7	Retail Allocation Factor													
	Total Allocation of FGD Expenses	\$ 307,230	\$ 238,384	\$ 156,711	\$ 214,655	\$ 351,262	\$ 338,891	\$ 198,270	\$ 117,366	\$ 395,611	\$ 263,244	\$ 209,184	\$ 182,134	
8	502X-Consumables	\$ 16,394	\$ 16,462	\$ 16,537	\$ 15,091	\$ 14,419	\$ 14,691	\$ 16,239	\$ 15,931	\$ 13,919	\$ 15,437	\$ 16,415	\$ 16,668	
9	408100515-Property Tax	\$ 801,147	\$ 804,471	\$ 808,148	\$ 737,449	\$ 704,653	\$ 717,948	\$ 793,566	\$ 776,588	\$ 680,200	\$ 754,420	\$ 802,142	\$ 809,676	
10	4030001-Depreciation	\$ (56,605)	\$ 6,461	\$ (63,764)	\$ (54,475)	\$ (40,139)	\$ (22,868)	\$ 16,014	\$ (63,150)	\$ 293	\$ 19,103	\$ (99,014)	\$ (13,035)	
11	5010027-Gypsum Disposal	\$ 103,892	\$ 86,143	\$ 125,950	\$ 57,795	\$ 70,742	\$ 29,397	\$ 128,415	\$ 151,855	\$ 188,826	\$ 190,850	\$ 127,478	\$ 53,850	
12	5120000-FGD Maintenance Expense													
	Total FGD Operating Expense Adjustment													\$ (13,308,197)

Witness: Amy J. Elliott

Kentucky Power Company
Adjustments to Remove Mitchell Plant FGD and Consumable Inventory from Rate Base
Test Year Ended 2/28/2017
W04

<u>Line No.</u> (1)	<u>Description</u> (2)	<u>KPCO Total Company Adjustment</u> (3)	<u>Allocation Code</u> (4)	<u>Allocation Factors</u> (5)	(6)	<u>Kentucky PSC Retail Jurisdiction Adjustment</u> (7)
FGD 1	Mitchell FGD Electric Plant In Service	\$ 328,075,217	PDAF	0.985	\$	323,154,089
FGD 2	Less Accum. Prov. For Depreciation	\$ 94,680,475	PDAF	0.985	\$	93,260,268
FGD 3	Less Accumulated Deferred Income Tax	\$ 30,142,473	PDAF	0.985	\$	29,690,336
4	Net Rate Base Reduction (Ln 1 - Ln 2 - Ln 3)					<u>\$ (200,203,485)</u>
5	Remove FGD Consumable Inventory	\$ 1,633,054	EAF	0.986		<u>\$ (1,610,192)</u>

Witness: Amy J. Elliott

Kentucky Power Company
 Removal of Mitchell FGD Environmental Surcharge Rider Revenues
 Test Year Twelve Months Ended 2/28/2017
 W05

Line No.	Description (2)	Amount (3)	Allocated Adj Amount
1	Calendar Year 2016 Billed & Accrued Environmental Surcharge Revenues	\$ 48,498,047	
2	Calendar Year 2016 Environmental Base Revenue	\$ 34,902,677	
3	Non-FGD Retail Revenues to Remain in Base Rates	\$ 46,217,722	
4	Subtotal Environmental Cost Recovery Revenues (1+2-3)	\$ 37,183,002	
5	Less Deferrals:		
6	4030001 Deferred ENV Depreciation	\$ (42,668)	\$ 42,668 PDAF
7	4118010 Emission Allow KY Env Surch	\$ (92,536)	\$ 92,536 EAF
8	408100515 Deferred ENV Property Tax	\$ 4,347	\$ (4,347) GP-TOT
9	5020015 Environmental Over/Under Consumables	\$ 623,782	\$ (623,782) PDAF/EAF Hybrid
10	5090014 Environmental Over/Under O&M E	\$ 79,782	\$ (79,782) PDAF
11	5550142 KY Env Sur - Purchase Power	\$ (3,508)	\$ 3,508 EAF
		\$ (22,880)	\$ 22,880 EAF
			\$ 42,028
			\$ 91,240
			\$ (4,282)
			\$ (614,837)
			\$ (78,585)
			\$ 3,459
			\$ 22,560
			\$ (538,417)

Witness: Amy J. Elliott

Kentucky Power Company
Remove Big Sandy Unit 1 Operation Rider Deferrals
Test Year Ended February 28, 2017
W06

Line No.	Description (a)	Total Amount (b)
1	Increase in Test Year Depreciation Expense due to Removal of BS1OR Depreciation Over-/Under Recovery Adjustment - Account 4030001	\$ 347,890
2	Allocation Factor - Direct	<u>1.000</u>
3	KPSC Jurisdictional Amount (Ln 1 X Ln 2)	<u>\$ 347,890</u>
4	Increase in Test Year Property Tax Expense due to Removal of Property Tax Over-/Under-Recovery Adjustment - Account 408100515	\$ 341,289
5	Allocation Factor - Direct	<u>1.000</u>
6	KPSC Jurisdictional Amount (Ln 4 X Ln 5)	<u>\$ 341,289</u>
7	Decrease in Test Year Operation Expense due to Removal of BS1OR Over-/Under-Recovery Adjustment - Account 5060012	\$ (2,613,981)
8	Allocation Factor - Direct	<u>1.000</u>
9	KPSC Jurisdictional Amount (Ln 7 X Ln 8)	<u>\$ (2,613,981)</u>
10	Decrease in Test Year Maintenance Expense due to Removal of BS1OR Over-/Under-Recovery Adjustment - Account 5120035	\$ (25,332)
11	Allocation Factor - Direct	<u>1.000</u>
12	KPSC Jurisdictional Amount (Ln 10 X Ln 11)	<u>\$ (25,332)</u>
13	Decrease in Test Year Purchased Power Expense due to Removal of BS1OR Over-/Under-Recovery Adjustment - Account 5550143	\$ (2,383,768)
14	Allocation Factor - Direct	<u>1.000</u>
15	KPSC Jurisdictional Amount (Ln 13 X Ln 14)	<u>\$ (2,383,768)</u>

Witness: T.H. Ross

Kentucky Power Company
Fuel Under / (Over) Revenues
Test Year Ended 2/28/2017
W07

<u>Line No.</u> (1)	<u>Description</u> (2)	<u>Amount</u> (3)	
1	Fuel Revenue	158,106,513	Exhibit JAR-1, Col 17, Ln 15
2	Fuel Cost per Monthly FAC Filings	162,680,985	Exhibit JAR-1, Col 8, Ln 15
3	Deferred Fuel Cost 5010005	<u>(2,211,942)</u>	Exhibit JAR-1, Col 9, Ln 15
4	Total Fuel Cost (Ln 2 + Ln 3)	160,469,043	
	KPSC Jurisdictional Amount (Ln 4 - Ln 3) 5010005	2,211,942	Eliminate Deferred Fuel
5	Allocation Factor - SPECIFIC	1	
6	KPSC Jurisdictional Amount Ln 5 X (Ln2 - Ln1) 44x	4,574,472	Increase Fuel Revenue

Witness: John A. Rogness

Kentucky Power Company

Adjustment to reset OSS margin baseline to 2016 test year OSS margins.
 Test Year Twelve Months Ended 2/28/2017
 W08

LINE NO.	DESCRIPTION	KPCO TOTAL COMPANY ADJUSTMENT	ALLOCATION METHOD	ALLOCATION FACTOR	KENTUCKY PSC RETAIL JURISDICTION ADJUSTMENT
	<u>Off System Sales</u>				
1	44x Retail Revenue	\$ (5,313,052)	Specific	1.00	\$ (5,313,052) Reduce Firm Sales
2	447 Non-Firm Sales	\$ (3,661,679)	Specific	1.00	\$ (3,661,679) Reduce Non-Firm Sales
3	5010005 Deferred Fuel	\$ 173,875	Specific	1.00	\$ 173,875 Increase Fuel Expense
					\$ (8,800,856)

Witness: Alex E. Vaughan

Kentucky Power Company
PPA Rider Synchronization Adjustment
Test Year Ended 2/28/2017
W09

<u>Line No.</u> (1)	<u>Description</u> (2)	<u>Amount</u> (3)
1	PPA Rider Revenues (KY Retail)	448,154
2	PPA Rider Net Cost (KY Retail)	<u>820,696</u>
3	Adjustment to Operating Expense (Ln 2 - Ln 1)	372,542
4	Allocation Factor - SPECIFIC	<u>1.000</u>
5	Adjustment To Test Year Expense (Ln 3 * Ln 4)	372,542
6	Remove PPA (Over)/Under Recovery	372,542

Witness: John A. Rogness

Kentucky Power Company
Remove DSM Revenue, Expense
Test Year Ended 2/28/2017
W10

Line No.	Description (a)	Total Amount (b)
1	Decrease Test Year Other Electric Revenue in Account 4560007:	
2	Remove DSM Rider Revenue	\$ (9,921,313)
3	Remove DSM Incentive Revenue Accrued	(443,142)
4	Remove DSM Lost Revenue Accrued	(5,060,246)
5	Remove DSM Revenue Recovery of Incentives, Lost Revenue	<u>2,861,132</u>
6	Net Decrease in Test Year Other Electric Revenue - Account 4560007	\$ (12,563,569)
7	Allocation Factor - Direct	1.000
8	KPSC Jurisdictional Amount (Ln 6 X Ln 7)	<u>\$ (12,563,569)</u>
9	Test Year O&M Expense Related to Program Costs in Account 9080009:	
10	Remove DSM O&M for Revenue Recovery of Program Costs	(7,060,181)
11	Remove DSM O&M for Program Costs Expense	(6,821,771)
12	Remove DSM O&M Credits for Program Costs Deferred	<u>6,821,763</u>
13	Net Decrease in Test Year O&M Expense Related to Program Costs - Account 9080009	(7,060,189)
14	Allocation Factor - Direct	1.000
15	KPSC Jurisdictional Amount (Ln 13 X Ln 14)	<u>(7,060,189)</u>

Witness: T.H. Ross

Kentucky Power Company
 Remove HEAP Revenue and Expense
 Test Year Ended 2/28/2017
 W11

LINE NO.	Description (a)	Total Amount (b)
1	Decrease in Test Year Retail Revenue for HEAP Revenue Recorded in Account 44x	\$ (246,772)
2	Allocation Factor - Direct	<u>1.000</u>
3	KPSC Jurisdictional Amount (Ln 4 X Ln 5)	<u>\$ (246,772)</u>
1	Decrease in Test Year O&M Expense Related to HEAP Amortization Recorded in Account 9080000	\$ (246,772)
2	Allocation Factor - Direct	<u>1.000</u>
3	KPSC Jurisdictional Amount (Ln 4 X Ln 5)	<u>\$ (246,772)</u>

Witness: T.H. Ross

Kentucky Power Company
Remove Economic Development Surcharge Revenue and Expense
Test Year Ended 2/28/2017
W12

Line No.	Description (a)	Total Amount (b)
1	Decrease in Retail Revenue for Economic Development Revenue Recorded in Account 44x	\$ (303,011)
2	Allocation Factor - Direct	<u>1.000</u>
3	KPSC Jurisdictional Amount (Ln 1 X Ln 2)	<u><u>\$ (303,011)</u></u>
4	Decrease Test Year O&M Expense for Economic Development Surcharge Expense Recorded to Account 9080000	\$ (303,011)
5	Allocation Factor - Direct	<u>1.000</u>
6	KPSC Jurisdictional Amount (Ln 4 X Ln 5)	<u><u>\$ (303,011)</u></u>

Witness: T.H. Ross

Kentucky Power Company
Tariff Migration Revenue Adjustment
Test Year Twelve Months Ended 02/28/2017
W13

LINE NO. (1)	Description (2)	Amount (3)
1	Annualized Revenue Based on Billing Tariff at 02/28/2017	\$493,721,226
2	Test Year Revenues - Sales of Electricity	----- \$553,900,979
	Less:	
3	Test year Capacity Charge Revenue Adjustment	(\$6,080,255)
4	Environmental Surcharge Revenue Adjustment	(\$37,183,002)
5	System Sales Revenue Adjustment	(\$5,313,052)
6	Remove HEAP Econ Development Surcharges	(\$550,558)
7	Decommissioning Rider Removal	(\$16,653,622)
8	Annualized Fuel Adjustment	\$4,574,473 -----
9	Subtotal (Ln2-8)	\$492,694,963
10	Kentucky Jurisdictional Revenue Adjustment (Ln 1 - Ln 10) 1.0 Direct Allocation	\$1,026,263 =====

Witness: Alex E. Vaughan

Kentucky Power Company
Year End Customer Annualization Revenue Adjustment
Test Year Twelve Months Ended 02/28/2017
W14

LINE NO. (1)	Description (2)	Amount (3)
1	Electric Revenue	(\$3,274,059)
	Less:	
2	Operation and Maintenance Expense *	(\$1,931,695)
3	Net Electric Operating Income (Ln 1 - Ln 2)	----- (\$1,342,364)
4	Allocation Factor - SPECIFIC	1.000
5	KPSC Jurisdictional Amount (Ln 3 X Ln 4)	----- (\$1,342,364) =====

* Test year O&M Expenses were 59.00% of test year revenues 59.00%

Witness: Alex Vaughan

Kentucky Power Company
 Weather Normal Load Revenue Adjustment
 Test Year Twelve Months Ended 02/28/2017
 W15

LINE NO. (1)	Description (2)	Amount (3)
1	Electric Revenue	\$9,953,044
	Less:	
2	Operation and Maintenance Expense *	\$5,872,296
3	Net Electric Operating Income (Ln 1 - Ln 2)	----- \$4,080,748
4	Allocation Factor - SPECIFIC	1.000
5	KPSC Jurisdictional Amount (Ln 3 X Ln 4)	----- \$4,080,748 =====

* Test year O&M Expenses were 59.00% of test year revenues 59.00%

Witness: Alex Vaughan

Kentucky Power Company
Adjustment to include in Test Year Operating Expense
the Interest Expense Associated with Customer Deposits
Test Year Ended 02/28/2017
W16

<u>Line</u> <u>No</u> (1)	<u>Description</u> (2)	<u>Amount</u> (3)
1	Customer Deposits at 02/28/17	\$ 26,917,350
2	Interest at 0.66% (Ln 1 X .66%)	<u>\$ 177,655</u>
3	Test Year Interest on Customer Deposits	\$ 110,400
4	Difference (Ln 2 - Ln 3)	\$ 67,254
5	Allocation Factor - SPECIFIC	<u>1.000</u>
6	KPSC Jurisdiction Amount (Ln 4 X Ln 5)	<u><u>\$ 67,254</u></u>

Witness: Stephen L. Sharp Jr.

Kentucky Power Company
Normalization of Storm Damage Expense
Test Year Ended 02/28/2017
W17

Line No.	Twelve Months Ended	Storm Damage Expense Excluding In-House Labor	Handy - Whitman Index (*2)	Constant Dollar Index (*2)	Constant Dollar Expense
(1)	(2)	(3)	(4)	(5)	(6)
					<u>(Col. 3 * Col. 5)</u>
1	12 Months Ended 02/28/17	\$903,554	647	1.00	\$903,554
2	12 Months Ended 02/29/16	\$1,625,203 (*1)	647	1.00	\$1,625,203
3	12 Months Ended 02/28/15	\$1,951,970	641	1.01	\$1,971,490
4	3-Year Total Storm Damage (Ln 1 + Ln 2 + Ln 3)				<u>\$4,500,247</u>
5	3-Year Average (Ln 4 / 3 yrs)				\$1,500,082
6	Test Year Storm Damage				\$903,554
7	Adjustment to O&M for Storm Damage Normalization (Ln 5 - Ln 6)				<u>\$596,528</u>
8	Allocation Factor - GP-DIST				0.999
9	KPSC Jurisdictional Amount (Ln 7 x Ln 8)				<u>\$595,932</u>

(*1) Actual: \$6,002,539
Less Deferral 2016-00180: \$4,377,336
\$1,625,203

(*2) Handy-Whitman Contract Labor Index
Reference E-2 Line 42
2017/Jan 647
2016/Jan 647
2015/Jan 641

Witness: R. K. Wohnhas

Kentucky Power Company
Amortization of Major Storm Cost Deferral
Test Year Ended 02/28/2017
W18

Line No.	Description	Storm Cost Deferral Excludes In-House Labor
(1)	(2)	(3)
1	Deferral Amount Authorized By Order Dated January 7, 2013 in Case No. 2012-00445	\$12,146,000
2	Number of Amortization Periods	5
3	Annual Amortization Amount (Ln 1 / Ln 2)	<u>\$2,429,200</u>
4	Deferral Amount Authorized By Order Dated November 3, 2016 in Case No. 2016-00180	\$4,377,336
5	Number of Amortization Periods	5
6	Annual Amortization Amount (Ln 4 / Ln 5)	<u>\$875,467</u>
7	Total Annual Amortization Amount (Ln 3 + Ln 6)	\$3,304,667
8	Test Year Amortization	<u>\$2,429,200</u>
9	Amortization Adjustment (Ln 7 - Ln 8)	\$875,467
10	Allocation Factor - GP-DIST	<u>0.999</u>
11	KPSC Jurisdictional Amount (Ln 9 X Ln 10)	<u>\$874,592</u>

Witness: R. K. Wohnhas

Kentucky Power Company
Amortization of Rate Case Expense
Test Year Ended 2/28/2017
W19

<u>Line No.</u> (1)	<u>Description</u> (2)	<u>Amount</u> (3)
Estimated Cost:		
1	Legal Expense	\$510,000
2	Other Professional Services	\$210,000
3	Publication Notices and Correspondence	\$640,000
4	KPCo Overtime and Out of Pocket Costs	<u>\$15,000</u>
5	Total Estimated Costs (Ln 1 + Ln 2 + Ln 3 + Ln 4)	\$1,375,000
6	Number of Years of Amortization	<u>3</u>
7	Annual Average Rate Case Costs (Ln 5 / Ln 6)	\$458,333
8	Less: Rate Case Expense in Test Year	<u>\$81,734</u>
9	Adjustment to Test Year O&M Expense (Ln 7- Ln 8)	\$376,599
10	Allocation Factor - SPECIFIC	<u>1.000</u>
11	KPSC Jurisdiction Amount (Ln 9 X Ln 10)	<u><u>\$376,599</u></u>

Witness: John A. Rogness

Kentucky Power Company
Adjustment for Postage Rate Decrease
Test Year Ended 02/28/17
W20

Line No.	Description	Amount
(1)	(2)	(3)
1	Number of Bills, Notices and Letters Mailed March 1st, 2016 through January 22, 2017	1,584,750
2	Postage Rate Decrease per Mailed Item (a)	<u>\$ (0.0042)</u>
3	Adjustment to O&M for Postage Increase (Ln 1 X Ln 2)	\$ (6,656)
4	Allocation Factor - SPECIFIC	1.000
5	KPSC Jurisdictional Amount (Ln 3 X Ln 4)	<u><u>\$ (6,656)</u></u>

(a) Effective Date of Postage Decrease was January 22, 2017
Average Postage Rate was \$0.3857
Decrease Cost was \$0.0042

Witness: Stephen L. Sharp Jr.

Kentucky Power Company
Adjustment to Eliminate Advertising Expense
Test Year Ended 02/28/2017
W21

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
(1)	(2)	(3)
1	Test Year Advertising Expense	\$ 136,858
2	Amount of Advertising to be Eliminated	<u>\$ 100,444</u>
3	Allocation Factor - SPECIFIC	1.000
4	KPSC Jurisdictional Amount (Ln 2 X Ln 3)	<u><u>\$ 100,444</u></u>

Witness: Stephen L. Sharp Jr.

Kentucky Power Company
Annualization of Lease Costs
Test Year Ended 02/28/2017
W22

FERC Account	Annual Total	February 2017 Expense	Annualized Total	Adjustment Needed	Allocation Method	Allocation Factor	Allocated Amount
500	\$ 1,374.55	\$ 48.09	\$ 577.08	\$ (797.47)	PDAF	0.985	\$ (785.51)
501	\$ 1,275.40	\$ 128.14	\$ 1,537.68	\$ 262.28	EAF	0.986	\$ 258.61
502	\$ 2,436.73	\$ 246.88	\$ 2,962.56	\$ 525.83	PDAF	0.985	\$ 517.94
505	\$ 9.70	\$ 6.90	\$ 82.80	\$ 73.10	PDAF/EAF	0.986	\$ 72.08
506	\$ 31,569.55	\$ 2,904.13	\$ 34,849.56	\$ 3,280.01	PDAF	0.985	\$ 3,230.81
510	\$ 5,544.09	\$ 472.54	\$ 5,670.48	\$ 126.39	PDAF	0.985	\$ 124.49
511	\$ 1,506.33	\$ 247.91	\$ 2,974.92	\$ 1,468.59	PDAF	0.985	\$ 1,446.56
512	\$ 15,792.33	\$ 1,248.02	\$ 14,976.24	\$ (816.09)	PDAF/EAF	0.986	\$ (804.66)
513	\$ 4,185.52	\$ 332.25	\$ 3,987.00	\$ (198.52)	PDAF	0.985	\$ (195.54)
514	\$ 4,867.54	\$ 386.83	\$ 4,641.96	\$ (225.58)	PDAF	0.985	\$ (222.20)
571	\$ 5,880.88	\$ 486.13	\$ 5,833.56	\$ (47.32)	GP-TRANS	0.985	\$ (46.61)
580	\$ 2,540.92	\$ 221.69	\$ 2,660.28	\$ 119.36	GP-DIST	0.999	\$ 119.24
583	\$ 63,693.38	\$ 9,856.96	\$ 118,283.52	\$ 54,590.14	GP-DIST	0.999	\$ 54,535.55
584	\$ 2,868.25	\$ 268.08	\$ 3,216.96	\$ 348.71	GP-DIST	0.999	\$ 348.36
585	\$ 201.48	\$ -	\$ -	\$ (201.48)	GP-DIST	0.999	\$ (201.28)
586	\$ 86,254.76	\$ 7,349.53	\$ 88,194.36	\$ 1,939.60	GP-DIST	0.999	\$ 1,937.66
587	\$ 5,015.20	\$ 249.79	\$ 2,997.48	\$ (2,017.72)	GP-DIST	0.999	\$ (2,015.70)
588	\$ 67,978.71	\$ 4,922.17	\$ 59,066.04	\$ (8,912.67)	GP-DIST	0.999	\$ (8,903.76)
590	\$ 1.24	\$ 1.24	\$ 14.88	\$ 13.64	GP-DIST	0.999	\$ 13.63
593	\$ 546,570.17	\$ 36,040.45	\$ 432,485.40	\$ (114,084.77)	GP-DIST	0.999	\$ (113,970.69)
594	\$ 2,320.45	\$ 42.19	\$ 506.28	\$ (1,814.17)	GP-DIST	0.999	\$ (1,812.36)
595	\$ 3,190.85	\$ 223.45	\$ 2,681.40	\$ (509.45)	GP-DIST	0.999	\$ (508.94)
596	\$ 1,762.33	\$ 162.61	\$ 1,951.32	\$ 188.99	GP-DIST	0.999	\$ 188.80
597	\$ 4,581.49	\$ 541.56	\$ 6,498.72	\$ 1,917.23	GP-DIST	0.999	\$ 1,915.31
598	\$ 1,568.34	\$ 136.95	\$ 1,643.40	\$ 75.06	GP-DIST	0.999	\$ 74.98
901	\$ 4,029.53	\$ 187.74	\$ 2,252.88	\$ (1,776.65)	CUST	1	\$ (1,776.65)
902	\$ 17,716.70	\$ 1,402.78	\$ 16,833.36	\$ (883.34)	CUST	1	\$ (883.34)
903	\$ 55,668.22	\$ 5,124.27	\$ 61,491.24	\$ 5,823.02	CUST	1	\$ 5,823.02
905	\$ 36.97	\$ -	\$ -	\$ (36.97)	CUST	1	\$ (36.97)
907	\$ 1,423.49	\$ 128.06	\$ 1,536.72	\$ 113.23	CUST	1	\$ 113.23
908	\$ 11,403.43	\$ 774.25	\$ 9,291.00	\$ (2,112.43)	CUST	1	\$ (2,112.43)
910	\$ 76.17	\$ -	\$ -	\$ (76.17)	CUST	1	\$ (76.17)
920	\$ 492.48	\$ 131.86	\$ 1,582.32	\$ 1,089.84	PDAF/EAF AG	0.986	\$ 1,074.58
921	\$ 10,795.12	\$ 998.09	\$ 11,977.08	\$ 1,181.96	PDAF/EAF AG	0.986	\$ 1,165.41
925	\$ 139.94	\$ -	\$ -	\$ (139.94)	PDAF/EAF AG	0.986	\$ (137.98)
926	\$ 35.64	\$ 1.24	\$ 14.88	\$ (20.76)	PDAF/EAF AG	0.986	\$ (20.47)
928	\$ 102.01	\$ 42.69	\$ 512.28	\$ 410.27	PDAF/EAF AG	0.986	\$ 404.53
930	\$ 1,225.54	\$ 93.41	\$ 1,120.92	\$ (104.62)	PDAF/EAF AG	0.986	\$ (103.16)
935	\$ 25,912.86	\$ 4,095.88	\$ 49,150.56	\$ 23,237.70	PDAF/EAF AG	0.986	\$ 22,912.37
5060000	\$ 163,525.18	\$ 14,238.63	\$ 170,863.56	\$ 7,338.38	PDAF/EAF	0.986	\$ 7,235.64
5100000	\$ 5,724.00	\$ 477.00	\$ 5,724.00	\$ -	PDAF	0.985	\$ -
5660000	\$ 3,312.69	\$ 318.19	\$ 3,818.28	\$ 505.59	GP-TRANS	0.985	\$ 498.01
5670001	\$ 7,186.80	\$ 598.90	\$ 7,186.80	\$ -	GP-TRANS	0.985	\$ -
5880000	\$ 48,312.52	\$ 2,737.11	\$ 32,845.32	\$ (15,467.20)	GP-DIST	0.999	\$ (15,451.73)
9310001	\$ 126,900.32	\$ 12,908.22	\$ 154,898.64	\$ 27,998.32	PDAF/EAF	0.986	\$ 27,606.34
9310002	\$ 215,277.04	\$ 16,106.00	\$ 193,272.00	\$ (22,005.04)	PDAF/EAF	0.986	\$ (21,696.97)
Total Adjustment	\$	\$	\$	\$ (39,621.12)		\$	\$ (40,145.94)

Witness: John A. Rogness

Kentucky Power Company
Pension and OPEB Expense
For the Test Year End 02/28/2017
W23

Line No.	Description (a)	Mitchell Plant Actuarial Estimates (b)	(c)	Annual Actuarial Estimates and Test Year Costs of Service (d)	Actuarial Estimates Compared to Test Year Costs (e)	Adjustment (f)
1	Pension Costs					
2	SERP (Distribution - Account 9260037)					
3	Annual Actuarial Estimate - Received March 2017				8,911	
4	Test Year SERP Costs				<u>4,843</u>	
5	Adjustment for SERP Costs					4,068
6	Other Pension Cost (9260003)					
7	Annual Actuarial Estimate - Received March 2017			2,680,717		
8	Less: Mitchell - Actives	1,280,206	50%	640,103		
9	Mitchell - Inactives	(497,167)	50%	<u>(248,584)</u>		
10	Net Estimated Pension Cost			2,289,198		
11	Less: Kammer			<u>(92,061)</u>		
12	Actuarial Estimated Pension Costs				2,381,259	
13	Test Year Costs Recorded			2,755,436		
14	Less: Mitchell - Actives	1,097,172	50%	548,586		
15	Mitchell - Inactives	(338,044)	50%	<u>(169,022)</u>		
16	Net Actuarial Pension Cost			2,375,872		
17	Less: Kammer			<u>(86,507)</u>		
18	Test Year Pension Cost				<u>2,462,379</u>	
19	Adjustment for Other Pension Cost					(81,120)
20	Total Adjustment for Pension Costs					<u>(77,052)</u>
21	OPEB Costs (9260021)					
22	Annual Actuarial Estimate - Received in March 2017			(2,383,555)		
23	Less: Mitchell - Actives	(2,147)	50%	(1,074)		
24	Mitchell - Inactives	(270,387)	50%	<u>(135,194)</u>		
25	Net Estimated OPEB Cost			(2,247,287)		
26	Less: Kammer			<u>(41,856)</u>		
27	Actuarial Estimated OPEB Costs				(2,205,431)	
28	Test Year Costs Recorded			(2,741,491)		
29	Less: Mitchell - Actives	(54,934)	50%	(27,467)		
30	Mitchell - Inactives	(351,823)	50%	<u>(175,912)</u>		
31	Net Actuarial Pension Costs			(2,538,112)		
32	Less: Kammer			<u>(44,414)</u>		
33	Test Year OPEB Costs				<u>(2,493,698)</u>	
34	Adjustment for OPEB Costs					288,267
35	Total Adjustment to Increase Costs for Pension and OPEB Actuarial Estimates					<u>211,215</u>
36	KPCo O&M%					<u>70.96%</u>
37	Adjustment to Increase O&M Expense for Pension and OPEB Actuarial Estimates					<u>149,878</u>
38	KYJurisdictional Factor - OML					<u>0.992</u>
39	KPSC Jurisdictional Adjustment to Increase O&M Expense for Pension and OPEB Actuarial Estimates					<u><u>148,679</u></u>

Witness: T. H. Ross

Kentucky Power Company
Employee Related Group Benefit Expenses
For the Test Year Ending 2/28/17
W24

Line No.	Description (a)	Amount (b)
1	2017 Total Calculated Costs (Account 926)	\$ 6,866,591
2	2017 Mitchell Calculated Cost, Billed to WPCo	<u>(1,479,079)</u>
3	2017 Net Calculated Costs	5,387,512
4	Test Year Net Employee Related Expenses	<u>4,777,727</u>
5	Adjusted Employee Related Group Benefit Expenses	609,785
6	Cost Applicable to O&M	<u>70.96%</u>
7	Group Benefit Costs Applicable to O&M	432,703
8	Allocation Factor - OML	<u>0.992</u>
9	KPSC Jurisdictional Amount	\$ 429,241

Witness: T. H. Ross

Kentucky Power Company
 Adjustment to remove PJM BLIs from base for FAC inclusion
 Test Year Twelve Months Ended 2/28/2017
 W25

LINE NO.	DESCRIPTION	KPCO TOTAL COMPANY ADJUSTMENT	ALLOCATION METHOD	ALLOCATION FACTOR	KENTUCKY PSC RETAIL JURISDICTION ADJUSTMENT
1	4470116 PJM Meter Corrections-LSE	\$ (336,213.08)	EMF	0.986	\$ (331,506.10)
2	5550001 PJM Load Reconciliation-LSE	\$ 26.14	EMF	0.986	\$ (26)
3	5550040 PJM Inadvertent Mtr Res-LSE	\$ (78,190.53)	EMF	0.986	\$ 77,096
4	5550041 PJM Ancillary Serv.-Sync	\$ 0.28	EMF	0.986	\$ (0)
5	5550078 PJM Regulation-Charge	\$ 582,165.37	EMF	0.986	\$ (574,015)
6	5550079 PJM Regulation-Credit	\$ (133,174.39)	EMF	0.986	\$ 131,310
7	5550083 PJM Spinning Reserve-Charge	\$ 257,349.60	EMF	0.986	\$ (253,747)
8	5550084 PJM Spinning Reserve-Credit	\$ (48,299.20)	EMF	0.986	\$ 47,623
9	5550123 PJM OpRes-LSE-Charge	\$ 605,455.23	EMF	0.986	\$ (596,979)
10	5550124 PJM Implicit Congestion-LSE	\$ 2,609,062.08	EMF	0.986	\$ (2,572,535)
11	5550132 PJM FTR Revenue-LSE	\$ (2,793,860.30)	EMF	0.986	\$ 2,754,746
	5550137 PJM OpRes-LSE-Credit	\$ (140,326.74)	EMF	0.986	\$ 138,362
					(516,658.53) Net decrease in base rate COS
					\$

Witness: John A. Rogness

Kentucky Power Company

Adjustment to include purchase power limitation expense in base rates

Test Year Twelve Months Ended 2/28/2017

W26

LINE NO.	DESCRIPTION	KPCO TOTAL COMPANY ADJUSTMENT	ALLOCATION METHOD	ALLOCATION FACTOR	KENTUCKY PSC RETAIL JURISDICTION ADJUSTMENT
1	555 Purchase Power Expense	\$ 3,150,582.00	Specific	1.000	\$ 3,150,582.00
					Increase Purchase Power Expense

Witness: Alex E. Vaughan

Kentucky Power Company
 Adjustment to include forced outage purchase power limitation in base rates
 Test Year Twelve Months Ended 2/28/17
 W27

LINE NO.	DESCRIPTION	KPCO TOTAL COMPANY ADJUSTMENT	ALLOCATION METHOD	ALLOCATION FACTOR	KENTUCKY PSC RETAIL JURISDICTION ADJUSTMENT
1	555 Purchase Power Expense	\$ 882,204	Specific	1.00	882,204
				\$	Increase Purchase Power Expense

Witness: Alex E. Vaughan

Kentucky Power Company
 Adjustment to Increase PJM LSE OATT expense to reflect 2017 approved rates
 Test Year Twelve Months Ended 2/28/2017
 W28

LINE NO.	DESCRIPTION	KPCO TOTAL COMPANY ADJUSTMENT	ALLOCATION METHOD	ALLOCATION FACTOR	KENTUCKY PSC RETAIL JURISDICTION ADJUSTMENT
	<u>LSE OATT CHARGE ACCOUNTS</u>				
1	4561035 PJM Affiliated Trans NITS Cost	\$ 3,371,438	Specific	1.00	\$ 3,371,438
2	4561060 Affil PJM Trans Enhancmnt Cost	\$ (74,334)	Specific	1.00	\$ (74,334)
3	5650012 PJM Trans Enhancement Charge	\$ (474,666)	Specific	1.00	\$ (474,666)
4	5650016 PJM NITS Expense - Affiliated	\$ 1,377,278	Specific	1.00	\$ 1,377,278
5	5650019 Affil PJM Trans Enhancement Exp	\$ (373,858)	Specific	1.00	\$ (373,858)
		<u>\$ 3,825,858</u>			<u>\$ 3,825,858</u>
					Net Increase in LSE OATT Expense

Witness: Alex E. Vaughan

Kentucky Power Company
 Adjustment to reflect FERC approved 7.5% PJM Administrative Fee increase in 2017
 Test Year Twelve Months Ended 2/28/2017
 W29

LINE NO.	DESCRIPTION	KPCO TOTAL COMPANY ADJUSTMENT	ALLOCATION METHOD	ALLOCATION FACTOR	KENTUCKY PSC RETAIL JURISDICTION ADJUSTMENT
	<u>PJM Admin Fees</u>				
1	5757001 PJM Admin Fees LSE	\$ 50,242	GP-TRANS	0.985	\$ 49,489 Increase PJM Admin Expense
2	5614001 PJM Admin Fees LSE	\$ 56,506	GP-TRANS	0.985	\$ 55,658 Increase PJM Admin Expense
3	5618001 PJM Admin Fees LSE	\$ 13,664	GP-TRANS	0.985	\$ 13,459 Increase PJM Admin Expense
		<u>\$ 120,412</u>			<u>\$ 118,606</u>

Witness: Alex E. Vaughan

Kentucky Power Company
Amortization of NERC Compliance and Cybersecurity Cost Deferral
Test Year Ended 02/28/2017
W30

Line No.	Description	Amount
(1)	(2)	(3)
1	Deferral Amount post June 30, 2015 through February 28, 2017 as Authorized By Order Dated June 22, 2015 in Case No. 2014-00396	\$71,374
2	Number of Amortization Periods	<u>5</u>
3	Annual Amortization Amount (Ln 1 / Ln 2)	\$14,275
8	Test Year Amortization	<u>\$0</u>
9	Amortization Adjustment (Ln 7 - Ln 8)	\$14,275
10	Allocation Factor	<u>1.000</u>
11	KPSC Jurisdictional Amount (Ln 9 X Ln 10)	<u><u>\$14,275</u></u>

Witness: R. K. Wohnhas

Kentucky Power Company
Severance Expense Adjustment
For the Test Year End 02/28/2017
W31

Line No.	Description (a)	Amount (b)
1	Decrease in Expense Account 5060000 to Remove Severance Adjustments Made during the Test Year	\$ (35,973)
2	Allocation Factor - PDAF	<u>0.985</u>
3	KPSC Jurisdictional Adjustment to Decrease O&M Expense for Severance Adjustment	<u>\$ (35,433)</u>
4	Increase Tax Expense (4081002) to Remove Tax Related Severance Adjustments Made during the Test Year	\$ 2,382
5	Allocation Factor - OML	<u>0.992</u>
6	KPSC Jurisdictional Severance Expense Adjustment (Ln 4 X Ln 5)	<u>\$ 2,363</u>

Witness: T.H. Ross

Kentucky Power Company
Incentive Compensation Expense Adjustment
For the Test Year End 02/28/2017
W32

Line No.	Description (a)	Transmission (b)	Distribution (c)	Generation (d)	Amount (e)
1	Change in Incentive Compensation Plan (ICP) Expense				
2	Expected Cost at a level of 1.0	\$ 5,076	\$ 1,951,329	\$ 2,105,421	
3	Remove Mitchell Plant at 50% \$ 1,714,541			(857,271)	
4	Remove Kammer 100%			-	
5	Net Expected Cost	\$ 5,076	\$ 1,951,329	\$ 1,248,150	
6	Test Year Cost	\$ 9,430	\$ 3,361,496	\$ 3,221,231	
7	Remove Mitchell Plant at 50% \$ 2,568,020			(1,284,010)	
8	Remove Kammer 100%			(38,905)	
9	KPCo Test Year ICP	\$ 9,430	\$ 3,361,496	\$ 1,898,316	
10	Net Change in ICP Cost	\$ (4,354)	\$ (1,410,167)	\$ (650,166)	
11	Change in Restricted Stock Unit (RSU) Plan Expense				
12	Expected Costs	\$ -	\$ 55,338	\$ 22,715	
13	Remove Mitchell Plant at 50% \$ 15,566			(7,783)	
14	Remove Kammer 100%			-	
14	Net RSU Costs	\$ -	\$ 55,338	\$ 14,932	
15	Test Year Cost	\$ -	\$ 66,935	\$ 20,946	
16	Remove Mitchell Plant at 50% \$ 16,807			(8,404)	
17	Remove Kammer 100%			(266)	
18	KPCo Test Year ICP	\$ -	\$ 66,935	\$ 12,276	
19	Net Change in RSU Costs	\$ -	\$ (11,597)	\$ 2,656	
20	Change in Performance Share Incentive (PSI) Plan Expense				
21	Expected Costs	\$ -	\$ 212,660	\$ 94,260	
22	Remove Mitchell Plant at 50% \$ 63,960			(31,980)	
23	Remove Kammer 100%			-	
23	Net PSI Costs	\$ -	\$ 212,660	\$ 62,280	
24	Test Year Cost	\$ -	\$ 312,421	\$ 94,724	
25	Remove Mitchell Plant at 50% \$ 76,272			(38,136)	
26	Remove Kammer 100%			(1,217)	
27	KPC Test Year ICP	\$ -	\$ 312,421	\$ 55,371	
28	Net Change in RSU Costs	\$ -	\$ (99,761)	\$ 6,909	
29	Combined Adjustment to Incentive Compensation Costs	\$ (4,354)	\$ (1,521,525)	\$ (640,601)	\$ (2,166,480)
30	KPCo O&M%				70.96%
31	Adjustment to Decrease O&M Expense for Incentive Compensation				\$ (1,537,334)
32	KYJurisdictional Factor - OML				0.992
33	KPSC Jurisdictional Adjustment to Decrease O&M Expense for Incentive Compensation				<u>\$ (1,525,035)</u>

Witness: T. H. Ross

Kentucky Power Company
 Employee Merit Increases Adjustment
 For the Test Year End 02/28/2017
 W33

Line No.	Descr (a)	Remaining Months in Proforma Year (b)	<u>Transmission</u>		<u>Distribution</u>			<u>Generation Billed to Affiliated Companies</u>		Amount to be Prorated (l)	Prorated Merit Increases (m)		
			Amount to be Prorated (c)	Prorated Merit Increases (d)	Amount to be Prorated (e)	Prorated Merit Increases (f)	Amount to be Prorated Total (g)	Kammer (h)	Mitchell (i)			Kammer 100% (j)	Mitchell 50% (k)
			(c * b/12)		(e * b/12)			(h * 100%) (i * 50%)		(g - j - k)	(l * b/12)		
1	Exempt Salaried												
2	Jan	12	\$ -	\$ -						\$ -	\$ -		
3	Feb	12	-	-						-	-		
4	Mar	12	-	-						-	-		
5	Apr	11	2,100	1,925	233,890	214,399	345,181	13,135	263,146	13,135	131,573	200,473	183,767
6	May	10	-	-						-	-	-	-
7	Jun	9	-	-						-	-	-	-
8	Jul	8	-	-						-	-	-	-
9	Aug	7	-	-						-	-	-	-
10	Sep	6	-	-						-	-	-	-
11	Oct	5	-	-						-	-	-	-
12	Nov	4	-	-						-	-	-	-
13	Dec	3	-	-						-	-	-	-
14	Total		\$ 1,925	\$ 214,399								\$ 183,767	
15	Nonexempt Hourly												
16	Jan	12	\$ -	\$ -							\$ -	\$ -	
17	Feb	12	-	-							-	-	
18	Mar	12	-	-							-	-	
19	Apr	11	-	-	3,710	3,401							
20	May	10	-	-	371,860	309,884	91,404					91,404	76,170
21	Jun	9	-	-			601,596		601,596		300,798	300,798	225,599
22	Jul	8	-	-							-	-	-
23	Aug	7	-	-							-	-	-
24	Sep	6	-	-							-	-	-
25	Oct	5	-	-							-	-	-
26	Nov	4	-	-							-	-	-
27	Dec	3	-	-							-	-	-
28	Total		\$ -	\$ 313,285								\$ 301,769	
29	Salaried Nonexempt												
30	Jan	12	\$ -	\$ -							\$ -	\$ -	
30	Feb	12	-	-							-	-	
31	Mar	12	-	-							-	-	
31	Apr	11	-	-	160,370	147,006	13,891		12,194		6,097	7,794	7,144
32	May	10	-	-	6,266	5,222					-	-	-
32	Jun	9	-	-							-	-	-
33	Jul	8	-	-							-	-	-
33	Aug	7	-	-							-	-	-
34	Sep	6	-	-							-	-	-
34	Oct	5	-	-							-	-	-
35	Nov	4	-	-							-	-	-
35	Dec	3	-	-							-	-	-
36	Total		\$ -	\$ 152,228								\$ 7,144	
37	<u>2017 KPCo Increases</u>		\$ 2,100	\$ 776,096						\$ 438,468	\$ 600,469		

	<u>Transmission</u>	<u>Distribution</u>	<u>Generation</u>
38 <u>Prorated Merit Increases</u>			
39 Exempt	\$ 1,925	\$ 214,399	\$ 183,767
40 Nonexempt	-	313,285	301,769
41 Salaried Nonexempt	-	152,228	7,144
42 Merit Adjustment of Base Payroll	\$ 1,925	\$ 679,912	\$ 492,680
43 Total KPCo Adjustment to Increase Payroll Cost for Merit Adjustment			\$ 1,174,517
44 KPCo O&M%			70.96%
45 Adjustment to Increase O&M Expense for Merit Increases			\$ 833,437
46 KYJurisdictional Factor - OML			0.992
47 KPSC Jurisdictional Adjustment to Increase O&M Expense for Merit Increases			\$ 826,770

Witness: T. H. Ross

Kentucky Power Company
Overtime Related to Employee Merit Increases Adjustment
For the Test Year End 02/28/2017
W34

Line No.	Description (a)	Generation				Amount (f)
		Transmission (b)	Distribution (c)	Big Sandy (d)	Mitchell (e)	
1	<u>Test Year Overtime Cost</u>					
2	Exempt	\$ 1,875	\$ 127,326	\$ 208,694	\$ 405,145	
3	Nonexempt	-	2,062,000	690,170	2,634,643	
4	Salaried Nonexempt	-	753,224	26,681	27,886	
5						
6	<u>Remove 50% of Mitchell</u>					
7	Exempt				(202,573)	
8	Nonexempt				(1,317,322)	
9	Salaried Nonexempt				(13,943)	
10						
11	<u>Net Test Year Overtime Cost</u>					
12	Exempt	1,875	127,326	208,694	202,572	
13	Nonexempt	-	2,062,000	690,170	1,317,321	
14	Salaried Nonexempt	-	753,224	26,681	13,943	
15						
16	<u>Percent Merit Increases</u>					
17	Exempt	3.50%	3.50%	3.50%	3.50%	
18	Nonexempt		5.00%	5.00%	5.00%	
19	Salaried Nonexempt		3.54%	3.50%	3.50%	
20						
21	<u>Estimated 2017 Overtime Cost Increase</u>					
22	Exempt	\$ 66	\$ 4,456	\$ 7,304	\$ 7,090	
23	Nonexempt	-	103,100	34,509	65,866	
24	Salaried Nonexempt	-	26,664	934	488	
25	KPCo Estimated Annual Increased Overtime Cost	\$ 66	\$ 134,220	\$ 42,747	\$ 73,444	
26						
27						
28	<u>Prorate Overtime Increase</u>					
29	Prorated Merit Increases	\$ 1,925	\$ 679,912	\$ 113,696	\$ 378,984	
30	KPCo Merit Increases to be Prorated	\$ 2,100	\$ 776,096	\$ 162,001	\$ 438,468	
31	Prorated Portion of Increase in (Ln 15 / Ln 16)	91.67%	87.61%	70.18%	86.43%	
32						
33						
34	Prorated Overtime Increase (Ln 13 * Ln 17)	\$ 61	\$ 117,590	\$ 30,000	\$ 63,478	\$ 211,129
35						
36	KPCo O&M%					70.96%
37	Adjustment to Increase O&M Expenses for Overtime Impact of Merit Increases					\$ 149,817
38	KYJurisdictional Factor - OML					0.992
39	KPSC Jurisdictional Adjustment to Increase O&M Expense for Overtime Impact of Merit Increases					\$ 148,618

Witness: T. H. Ross

Kentucky Power Company
Annualization of Payroll Expense Adjustment
For the Test Year End 02/28/2017
W35

Line No.	Description (a)	Transmission		Distribution		(f)	Generation (g)	(h)	Totals
		(b)	(c)	(d)	(e)				
1	Pay Period ending 2/24/2017								
2	Exempt	2,308		256,698		379,320			
3	Nonexempt	0		288,267		534,152			
4	Salaried Nonexempt	0		185,305		15,265			
		<u>2,308</u>		<u>730,270</u>			928,737		
5	Remove Mitchell								
6	Exempt					289,171			
7	Nonexempt					457,697			
8	Salaried Nonexempt					13,400			
9	Mitchell 50%					<u>760,268</u>	380,134		
10	Remove Kammer								
11	Exempt 100%						14,434		
12									
13	KPCo Payroll		2,308		730,270			534,169	
14	Annual Payperiods		26		26			26	
15			<u>60,008</u>		<u>18,987,020</u>			<u>13,888,394</u>	32,935,422
16									
17									
18									
19	Test Year Payroll								
20	Exempt	59,946		6,417,446		10,119,188			
21	Nonexempt	0		7,555,352		14,186,417			
22	Salaried Nonexempt	0		4,771,710		474,306			
23	Total Test Year Payroll	<u>59,946</u>		<u>18,744,508</u>			24,779,911		
24									
25	Remove Mitchell								
26	Exempt					7,657,022			
27	Nonexempt					11,821,410			
28	Salaried Nonexempt					345,458			
29	Mitchell 50%					<u>19,823,890</u>	9,911,945		
30	Remove Kammer								
31	Exempt 100%						389,181		
32									
33	KPCo Test Year Payroll		59,946		18,744,508			14,478,785	33,283,239
34									
35	Annualization Adjustment of Base Payroll		<u>62</u>		<u>242,512</u>			<u>(590,391)</u>	<u>(347,817)</u>
36									
37									
38	Combined Annualization Adjustment								(347,817)
39									
40	KPCo O&M%								70.96%
41	Adjustment to Decrease O&M Expenses for Payroll Annualization								\$ (246,811)
42	KYJurisdictional Factor - OML								0.992
43	KPSC Jurisdictional Adjustment to Decrease O&M Expense for Payroll Annualization								<u>\$ (244,837)</u>
44									
45	Note: Changes to base payroll Excludes overtime, severance payments, incentive payments and other remunerations								

Witness: T. H. Ross

Kentucky Power Company
Savings Plan Expense Adjustment
For the Test Year End 02/28/2017
W36

Line No.	Description (a)	Transmission (b)	Distribution (c)	Generation (d)	Amount (e)
1	Change in Incentives	\$ (4,354)	\$ (1,521,525)	\$ (640,601)	
2	Prorated 2017 Merit Increases	1,925	679,912	492,680	
3	Prorated 2017 Merit Increases Effect on Overtime	61	117,590	93,478	
4	Annualization Adjustment of Base Payroll	62	242,512	(590,391)	
5	Change in Payroll	\$ (2,306)	\$ (481,511)	\$ (644,834)	\$ (1,128,651)
6	Savings Plan Loading Rate	4.00%	4.00%	4.00%	4.00%
7	Change in Savings Plan Cost	\$ (92)	\$ (19,260)	\$ (25,793)	\$ (45,145)
8	KPCo O&M%				70.96%
9	Adjustment to Decrease O&M Expense for Savings Plan Costs				\$ (32,035)
10	KYJurisdictional Factor - OML				0.992
11	KPSC Jurisdictional Adjustment to Decrease O&M Expense for Savings Plan Costs				<u><u>\$ (31,779)</u></u>

12 Note that the 2016 severance payments were not eligible for the company matching for the savings plan.

Witness: T. H. Ross

Kentucky Power Company
Medicare Tax Expense Adjustment
For the Test Year End 02/28/2017
W37

Line No.	Description (a)	Transmission (b)	Distribution (c)	Generation (d)	Amount (e)
1	Change in Incentives	\$ (4,354)	\$ (1,521,525)	\$ (640,601)	
2	Prorated 2017 Merit Increases	1,925	679,912	492,680	
3	Prorated 2017 Merit Increases Effect on Overtime	61	117,590	93,478	
4	Annualization Adjustment of Base Payroll	62	242,512	(590,391)	
5	Total Adjustment to Payroll subject to Medicare	\$ (2,306)	\$ (481,511)	\$ (644,834)	\$ (1,128,651)
6	Medicare Tax Rate	1.45%	1.45%	1.45%	
7	Increase/(Reduction) in Medicare Tax	\$ (33)	\$ (6,982)	\$ (9,350)	\$ (16,365)
8	KPCo O&M%				70.96%
9	Adjustment to Decrease O&M Expense for Medicare Tax				\$ (11,613)
10	KYJurisdictional Factor - OML				0.992
11	KPSC Jurisdictional Adjustment to Decrease O&M Expense for Medicare Tax				\$ (11,520)

Witness: T. H. Ross

Kentucky Power Company
Social Security Tax Expense Adjustment
For the Test Year End 02/28/2017
W38

Line No.	Description (a)	Transmission (b)	Distribution (c)	Generation (d)	Amount (f)
1	Change in Incentives	\$ (4,354)	\$ (1,521,525)	\$ (640,601)	
2	Prorated 2017 Merit Increases	1,925	679,912	492,680	
3	Prorated 2017 Merit Increases Effect on Overtime	61	117,590	93,478	
4	Annualization Adjustment of Base Payroll	62	242,512	(590,391)	
5	Change in Payroll	\$ (2,306)	\$ (481,511)	\$ (644,834)	\$ (1,128,651)
6	2016 Salaries in Excess of Social Security Taxes	-	1,043,371	382,188	
7	2016 Salaries, Paid Overtime and other remunerations	69,823	25,319,827	20,682,227	
8	Percentage Not Subject to Social Security Tax	0.00%	4.12%	1.85%	
9	Percentage of Salaries Subject to Social Security Tax	100.00%	95.88%	98.15%	
10	Adjustment to Payroll Subject to Social Security Tax	\$ (2,306)	\$ (461,673)	\$ (632,905)	
11	Social Security Tax Rate	6.20%	6.20%	6.20%	
12	Total Social Security Tax Adjustment	\$ (143)	\$ (28,624)	\$ (39,240)	\$ (68,007)
13	KPCo O&M%				70.96%
14	Adjustment to Decrease O&M Expense for Social Security Tax				\$ (48,258)
15	KYJurisdictional Factor - OML				0.992
16	KPSC Jurisdictional Adjustment to Decrease O&M Expense for Social Security Tax				<u><u>\$ (47,877)</u></u>

Witness: T. H. Ross

Kentucky Power Company
Social Security Tax Base Adjustment
For the Test Year End 02/28/2017
W39

Line No.	Description (a)	Transmission (b)	Distribution (c)	Generation		Amount (f)
				Big Sandy (d)	Mitchell (e)	
1	Employees earning more than \$118,500 limit in 2016	0	31	14	47	
2	Social Security Tax Base for 2017	\$ 127,200				
3	Social Security Tax Base for 2016	118,500				
4	Increase in Social Security Tax Base	\$ 8,700	\$ 8,700	\$ 8,700	\$ 8,700	
5	Adjustment to Social Security Base	\$ -	\$ 269,700	\$ 121,800	\$ 408,900	
6	Social Security Tax Rate	6.20%	6.20%	6.20%	6.20%	
7	Increase in Social Security Tax due to Increase in Base	\$ -	\$ 16,721	\$ 7,552	\$ 25,352	
8	50% billed to Wheeling Power Company				\$ 12,676	
9	Net KPCo Increase in Social Security Tax Expense	\$ -	\$ 16,721	\$ 7,552	\$ 12,676	\$ 36,949
10	KPCo O&M%					<u>70.96%</u>
11	Adjustment to Increase O&M Expense for Change in the Social Security Tax Base					\$ 26,219
12	KYJurisdictional Factor - OML					0.992
13	KPSC Jurisdictional Adjustment to Increase O&M for Change in the Social Security Tax Base					<u><u>\$ 26,009</u></u>

Witness: T. H. Ross

Kentucky Power Company
Adjustment to Eliminate Non-Recoverable Business Expenses
Test Year Ended 02/28/2017
W40

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>Account</u>	<u>Allocation Method</u>	<u>Allocation Factor</u>	<u>KPSC Jurisdictional Amount</u>
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Sporting Events during Test Year	\$1,215	9100000	CUST	1.000	\$1,215
2	Employee Gifts, Awards, and Activities during Test Year	\$13,025	9260012 5080017	A&G PDAF	0.986 0.985	\$12,824 \$19
3	Social Club Membership Dues during Test Year	\$868	9302000	A&G	0.986	\$856
4	Charitable Contributions during Test Year*	\$0				\$0
5	Test Year Expenses (Ln 1 + Ln 2 + Ln 3 + Ln 4)					<u>\$14,914</u>

* Charitable Contributions are in Account 426 and are not included in the Company's Cost of Service.

Witness: Stephen L. Sharp Jr.

Kentucky Power Company
Plant Maintenance Normalization
Test Year Ended 02/28/2017
W41

Line No.	Twelve Months Ended	Twelve Months Expense	Handy - Whitman Index (*1)	Constant Dollar Index (*1)	Constant Dollar Expense
(1)	(2)	(3)	(4)	(5)	(6)
	<u>Mitchell</u>				(Col. 3 * Col. 5)
1	12 Months Ending 02/28/17	\$11,581,535	636	1.00	\$11,581,535
2	12 Months Ending 02/29/16	\$15,802,150	636	1.00	\$15,802,150
3	12 Months Ending 02/28/15	\$9,081,718	611	1.04	\$9,444,987
4	3 Year Mitchell Total (Ln 1 + Ln 2 + Ln 3)				<u>\$36,828,672</u>
	<u>Big Sandy</u>				(Col. 3 * Col. 5)
5	12 Months Ending 02/28/17 (*2)	\$3,963,396			\$3,963,396
6	Year 2 (*3)	\$3,963,396			\$3,963,396
7	Year 3 (*3)	\$3,963,396			\$3,963,396
8	3 Year Big Sandy Total (Ln 5 + Ln 6 + Ln 7)				<u>\$11,890,188</u>
9	3 Year Total Both Big Sandy and Mitchell (Ln 4 + Ln 8)				<u>\$48,718,860</u>
10	Three Year Average (Ln 9 / 3 yrs.)				\$16,239,620
11	Test Year Steam Power Maintenance Expense				<u>\$16,518,132</u>
12	Adjustment to Test Year Steam Power Maintenance Expense (Ln 10 - Ln 11)				(\$278,512)
13	Allocation Factor - PDAF				<u>0.985</u>
14	KPSC Jurisdictional Amount (Ln 12 X Ln 13)				<u>(\$274,334)</u>

(*1) Handy-Whitman Total Steam Production Plant
Reference E-2 Line 6
2017/Jan 636
2016/Jan 636
2015/Jan 611

(*2) Nine Months Ending 02/28/17 Annualized

For this case only, because the Company has only 9 months of actual plant maintenance data on Big Sandy Unit 1 as a gas unit, the Company is proposing to use the nine months ending 2/28/17 actual data annualized for each year to establish the three year average.

Witness: R. K. Wohnhas

KENTUCKY POWER COMPANY
 DEPRECIATION ANNUALIZATION ADJUSTMENT
 ELECTRIC PLANT IN SERVICE (ACCOUNTS 101 AND 106)
 BALANCE AS OF FEBRUARY 28, 2017
 W42

Line No.	Account	Description	February 28, 2017 Property Balances				February 28, 2017 Property Balances				Depreciation Expense				Jurisdictional Allocation Factor	Adjustment
			February 28, 2017 Property Balances	Adjusted February 28, 2017 Property Balances	Current Rates	Current Annual Depreciation Expense	12 Month Per Books Depreciation Expense	Adjustments - Removal of Mitchell FGD (a)	Adjustments - Other (b)	Revised Per Books Depreciation Expense	Difference					
33	TRANSMISSION PLANT (Allocation Factor GP-TRANS - 0.985)															
34	35000	Land	\$4,480,276	\$0	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.985	\$0
35	35010	Land Rights	\$30,754,315	\$0	1.44%	\$442,862	\$453,830	\$0	\$453,830	\$0	\$0	\$0	\$453,830	-\$10,968	0.985	-\$10,803
36	35200	Structures and Improvements	\$6,656,005	\$0	2.08%	\$138,445	\$139,041	\$0	\$139,041	\$0	\$0	\$0	\$139,041	-\$596	0.985	-\$587
37	35300	Station Equipment	\$197,496,116	\$0	2.15%	\$4,246,166	\$4,236,307	\$0	\$4,236,307	\$0	\$0	\$0	\$4,236,307	\$19,859	0.985	\$19,581
38	35400	Towers and Fixtures	\$96,771,844	\$0	2.61%	\$2,525,745	\$2,506,234	\$0	\$2,506,234	\$0	\$0	\$0	\$2,506,234	\$19,511	0.985	\$19,218
39	35500	Poles and Fixtures	\$102,111,602	\$0	3.95%	\$4,033,408	\$4,005,963	\$0	\$4,005,963	\$0	\$0	\$0	\$4,005,963	\$27,445	0.985	\$27,033
40	35600	Overhead Conductors, Device	\$136,809,564	\$0	2.91%	\$3,961,196	\$3,963,206	\$0	\$3,963,206	\$0	\$0	\$0	\$3,963,206	-\$2,050	0.985	-\$2,019
41	35700	Underground Conduit	\$11,590	\$0	2.99%	\$347	\$347	\$0	\$347	\$0	\$0	\$0	\$347	\$0	0.985	\$0
42	35800	Underground Conductors, Device	\$106,066	\$0	2.62%	\$2,779	\$2,779	\$0	\$2,779	\$0	\$0	\$0	\$2,779	\$0	0.985	\$0
43	TOTAL TRANSMISSION PLANT															
44			\$575,197,378	\$0		\$15,370,910	\$15,317,709	\$0	\$15,317,709	\$0	\$0	\$0	\$15,317,709	\$53,201		\$52,403
45	DISTRIBUTION PLANT (Allocation Factor GP-DIST - 0.999)															
46	36000	Land	\$2,150,608	\$0	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.999	\$0
47	36010	Land Rights	\$5,345,556	\$0	3.52%	\$188,164	\$188,164	\$0	\$188,164	\$0	\$0	\$0	\$188,164	\$0	0.999	\$0
48	36100	Structures and Improvements	\$4,500,235	\$0	3.52%	\$158,408	\$155,551	\$0	\$155,551	\$0	\$0	\$0	\$155,551	\$2,857	0.999	\$2,854
49	36200	Station Equipment	\$97,987,166	\$0	3.52%	\$3,448,148	\$3,358,952	\$0	\$3,358,952	\$0	\$0	\$0	\$3,358,952	\$80,196	0.999	\$80,106
50	36400	Poles, Towers and Fixtures	\$201,038,118	\$0	3.52%	\$7,076,542	\$6,953,463	\$0	\$6,953,463	\$0	\$0	\$0	\$6,953,463	\$123,079	0.999	\$122,956
51	36500	Overhead Conductors, Device	\$218,593,133	\$0	3.52%	\$7,694,478	\$7,510,967	\$0	\$7,510,967	\$0	\$0	\$0	\$7,510,967	\$183,511	0.999	\$183,327
52	36600	Underground Conduit	\$7,218,040	\$0	3.52%	\$254,075	\$249,950	\$0	\$249,950	\$0	\$0	\$0	\$249,950	\$4,125	0.999	\$4,121
53	36700	Underground Conductors, Device	\$11,083,763	\$0	3.52%	\$390,148	\$385,592	\$0	\$385,592	\$0	\$0	\$0	\$385,592	\$4,551	0.999	\$4,511
54	36800	Line Transformers	\$130,373,328	\$0	3.52%	\$4,689,141	\$4,522,928	\$0	\$4,522,928	\$0	\$0	\$0	\$4,522,928	\$66,213	0.999	\$66,147
55	36900	Services	\$59,997,917	\$0	3.52%	\$2,111,927	\$2,077,447	\$0	\$2,077,447	\$0	\$0	\$0	\$2,077,447	\$34,480	0.999	\$34,446
56	37000	Meters	\$24,876,060	\$0	3.52%	\$875,637	\$877,404	\$0	\$877,404	\$0	\$0	\$0	\$877,404	-\$1,767	0.999	-\$1,765
57	37100	Installs Customer Premises	\$19,789,117	\$0	3.52%	\$696,577	\$696,535	\$0	\$696,535	\$0	\$0	\$0	\$696,535	\$42	0.999	\$42
58	37300	Street Lighting & Signal Sys	\$3,923,399	\$0	3.52%	\$138,104	\$131,415	\$0	\$131,415	\$0	\$0	\$0	\$131,415	\$6,689	0.999	\$6,682
59	TOTAL DISTRIBUTION PLANT															
60			\$786,876,440	\$0		\$27,622,349	\$27,108,368	\$0	\$27,108,368	\$0	\$0	\$0	\$27,108,368	\$513,981		\$513,467

KENTUCKY POWER COMPANY
 DEPRECIATION ANNUALIZATION ADJUSTMENT
 ELECTRIC PLANT IN SERVICE (ACCOUNTS 101 AND 106)
 BALANCE AS OF FEBRUARY 28, 2017
 W42

Line No.	Account	Description	February 28, 2017 Property Balances			February 28, 2017 Property Balances			Depreciation Expense			Revised Per		
			February 28, 2017 Property Balances	Adjustments - Other (b)	Adjusted February 28, 2017 Property Balances	Current Rates	Current Depreciation Expense	12 Month Per Books Depreciation Expense	Adjustments - Removal of Mitchell FGD (a)	Adjustments - Other (b)	Books Depreciation Expense	Difference	Allocation Factor	Adjustment
GENERAL PLANT (Allocation Factor GP-TOT - 0.985)														
61														
62	38900	Land	\$1,488,985	\$0	\$1,488,985	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	0.985	\$0
63	38910	Land Rights	\$35,746	\$0	\$35,746	1.59%	\$568	\$573	\$573	\$573	\$573	\$573	0.985	-\$5
64	39000	Structures and Improvements	\$22,041,107	\$0	\$22,041,107	3.97%	\$875,032	\$815,369	\$815,369	\$815,369	\$815,369	\$815,369	0.985	\$59,663
65	39000	Leasehold Improvements	\$0	\$0	\$0		\$108,026	\$108,997	\$108,997	\$108,997	\$108,997	\$108,997	0.985	-\$2,971
66	39000	Office Furniture, Equipment	\$1,824,237	\$0	\$1,798,205	3.20%	\$57,943	\$57,891	\$57,891	\$57,891	\$57,891	\$57,891	0.985	\$39
67	39100	Transportation Equipment	\$14,768	\$0	\$14,768	3.92%	\$583	\$520	\$520	\$520	\$520	\$520	0.985	\$0
68	39200	Stores Equipment	\$237,429	\$0	\$237,429	4.15%	\$9,853	\$7,363	\$7,363	\$7,363	\$7,363	\$7,363	0.985	\$2,433
69	39400	Tools	\$4,215,292	\$0	\$4,215,292	4.20%	\$177,042	\$170,012	\$170,012	\$170,012	\$170,012	\$170,012	0.985	\$6,925
70	39500	Laboratory Equipment	\$261,453	\$0	\$261,453	5.76%	\$15,060	\$14,801	\$14,801	\$14,801	\$14,801	\$14,801	0.985	\$255
71	39500	Power Operated Equipment	\$5,931	\$0	\$5,931	5.43%	\$322	\$322	\$322	\$322	\$322	\$322	0.985	\$0
72	39600	Communication Equipment	\$9,971,868	\$0	\$9,971,868	5.66%	\$564,408	\$548,801	\$548,801	\$548,801	\$548,801	\$548,801	0.985	\$15,607
73	39700	Miscellaneous Equipment	\$1,624,696	\$0	\$1,624,696	6.73%	\$109,342	\$109,222	\$109,222	\$109,222	\$109,222	\$109,222	0.985	\$118
74	38900	ARO Assets	\$81,054	\$0	\$81,054		\$0	\$0	\$0	\$0	\$0	\$0	0.985	\$0
75	38900	ARO Assets	\$81,054	-\$81,054	\$0		\$0	\$0	\$0	\$0	\$0	\$0	0.985	\$0
76		TOTAL GENERAL PLANT	\$41,802,566	-\$81,054	\$41,695,480		\$1,915,716	\$1,833,991	\$1,833,991	\$1,833,991	\$1,833,991	\$1,833,991		\$82,517
77														
78		TOTAL	\$2,600,317,726	-\$328,075,217	\$2,260,536,804		\$74,949,721	\$82,788,121	\$82,788,121	\$82,788,121	\$82,788,121	\$82,788,121		\$2,061,079
79		TOTAL ADJUSTMENT TO INCREASE DEPRECIATION EXPENSE FOR ANNUALIZATION												\$2,037,359
80														
81														
82		Reconciliation of February 28, 2017 Property Balances:												
83		Accounts 101/106 (above)	2,600,317,726						82,788,121					
84		Account 101 - Leases	5,612,094						36,616					
85		AFUDC Adj	608,469						2,251,306					
86		Total Plant in Service - Per Cost of Service	<u>2,606,536,289</u>						<u>85,076,043</u>					
87														
88		(a) Adjustments to remove property balances and test year depreciation expense related to Mitchell Plant FGD investments												
89														
90		(b) Includes adjustments to remove ARO property balances and related test year depreciation expense from "ARO Assets" rows; also includes adjustments to remove deferral of depreciation expense related to BS1OR (Big Sandy - Boiler Plant Equipment - \$347,890) and over-recovery adjustment related to environmental surcharge (Mitchell Plant - Boiler Plant Equipment - \$42,668)												
91														
92														
93														
94														

Witness: T. H. Ross

KENTUCKY POWER COMPANY
 ELECTRIC PLANT IN SERVICE (ACCOUNTS 101 AND 106)
 BALANCE AS OF FEBRUARY 28, 2017
 UPDATE OF BIG SANDY UNIT 1 DEPRECIATION RATES
 W43

Depreciation Expense

Line No.	Account	Description	February 28, 2017 Property Balances	Proposed Rates	Proposed Annual		Current Annual		Jurisdictional Allocation Factor	Adjustment
					Depreciation Expense	Depreciation Expense	Depreciation Expense	Difference		
1		BIG SANDY PLANT (Allocation Factor GP-PTD - 0.985)								
2	31000	Land	\$1,748,519	0.00%	\$0	\$0	\$0	0.985	\$0	\$0
3	31010	Land Rights	\$5,420	0.00%	\$0	\$0	\$0	0.985	\$0	\$0
4	31100	Structures & Improvements	\$12,184,471	4.83%	\$588,694	\$460,573	\$128,121	0.985	\$126,199	\$126,199
5	31200	Boiler Plant Equipment	\$75,395,244	7.15%	\$5,391,340	\$2,849,940	\$2,541,400	0.985	\$2,503,279	\$2,503,279
6	31400	Turbogenerator Units	\$61,396,870	4.52%	\$2,777,454	\$2,320,802	\$456,652	0.985	\$449,802	\$449,802
7	31500	Accessory Electrical Equip.	\$3,909,915	3.03%	\$118,393	\$147,795	-\$29,402	0.985	-\$28,961	-\$28,961
8	31600	Misc. Power Plant Equip.	\$3,587,666	4.52%	\$162,251	\$135,614	\$26,637	0.985	\$26,237	\$26,237
9			\$158,228,105		\$9,038,132	\$5,914,724	\$3,123,408			
10										
11		TOTAL BIG SANDY PLANT	\$158,228,105		\$9,038,132	\$5,914,724	\$3,123,408			
12										
13		TOTAL ADJUSTMENT TO INCREASE DEPRECIATION EXPENSE FOR UPDATE OF BIG SANDY UNIT 1 UPDATED DEPRECIATION RATES								\$3,076,557
14										
15										
16										

Witness: T. H. Ross

Kentucky Power Company
Decrease ARO Depreciation Expense to an Annualized Level
Test Year Ended 2/28/2017
W44

Line No.	Description (a)	Amount (b)
1	Adjustment to Decrease Test Year ARO Depreciation Expense in Account 4031001 due to Annualization Adjustment	\$ (3,876)
2	Allocation Factor - PDAF	<u>0.985</u>
3	KPSC Jurisdictional Adjustment to Decrease ARO Depreciation Expense	<u>\$ (3,818)</u>

Witness: T.H. Ross

Kentucky Power Company
Decrease ARO Accretion Expense to an Annualized Level
Test Year Ended 2/28/2017
W45

Line No.	Description (a)	Amount (b)
1	Adjustment to Decrease Test Year ARO Accretion Expense in Account 4111005 due to Annualization Adjustment	\$ (111,162)
2	Allocation Factor - PDAF	<u>0.985</u>
3	KPSC Jurisdictional Adjustment to Decrease ARO Accretion Expense	<u>\$ (109,495)</u>

Witness: T.H. Ross

Kentucky Power Company
Annualization of Cable Pole Attachment Revenues
Test Year Ended 02/28/2017
W46

<u>Line No.</u>	<u>Description</u>	<u>Rate</u>	<u>Amount</u>
(1)	(2)	(3)	(4)
1	Proposed Two User Pole Rate	\$11.97	
2	Current Two User Pole Rate	<u>\$7.21</u>	
3	Proposed Two User Rate Increase (Ln 1 - Ln 2)		\$4.76
4	Number of Two Users at February 28, 2017		62,819
5	Two User Increased Revenue (Ln 3 x Ln 4)		<u>\$299,018</u>
6	Proposed Three User Pole Rate	\$7.42	
7	Current Three User Pole Rate	<u>\$4.47</u>	
8	Proposed Three User Pole Rate (Ln 6 - Ln 7)		\$2.95
9	Number of Three Users at February 28, 2017		79,102
10	Three User Increased Revenue (Ln 8 x Ln 9)		<u>\$233,351</u>
11	KPSC Jurisdiction Amount (Ln 5 + Ln 10)		<u><u>\$532,369</u></u>

Witness: Stephen L. Sharp Jr.

Kentucky Power Company
Annualization of Kentucky Public Service Commission
Maintenance Assessment to Reflect Assessment for
PSC Fiscal Year July 1, 2015 - June 30, 2016
Test Year Ended 02/28/2017
W47

<u>Line No.</u>	<u>Month</u>	<u>Year</u>	<u>Per Books Actual</u>	<u>Restatement of Charges to Reflect Annual Assessment Fee Decrease*</u>	<u>Difference</u>
(1)	(2)	(3)	(4)	(5)	(6)
					(C5-C4)
1	March	2016	\$94,350	\$93,900	(\$450)
2	April	2016	\$94,350	\$93,900	(\$450)
3	May	2016	\$94,350	\$93,900	(\$450)
4	June	2016	\$94,350	\$93,900	(\$450)
5	July	2016	\$93,900	\$93,900	\$0
6	August	2016	\$93,900	\$93,900	\$0
7	September	2016	\$93,900	\$93,900	\$0
8	October	2016	\$93,900	\$93,900	\$0
9	November	2016	\$93,900	\$93,900	\$0
10	December	2016	\$93,900	\$93,900	\$0
11	January	2017	\$93,900	\$93,900	\$0
12	<u>February</u>	<u>2017</u>	<u>\$93,900</u>	<u>\$93,900</u>	<u>\$0</u>
13	<u>Total</u>		<u>\$1,129,500</u>	<u>\$1,126,799</u> *	<u>(\$1,801)</u>
14	Allocation Factor - SPECIFIC				1.000
15	Kentucky Jurisdiction Amount (Ln 13 X Ln 14)				<u>(\$1,801)</u>

* Department of Revenue Invoice dated 6/15/2016 \$1,126,799

Witness: Stephen L. Sharp Jr.

KENTUCKY POWER COMPANY
STATE GROSS RECEIPTS TAX ADJUSTMENT
FOR THE TEST YEAR ENDED FEBRUARY 28, 2017
W48

Explanation of adjustment:

To remove an Out-of-Period State Gross Receipts Tax Audit Adjustment.

	TOTAL COMPANY
Per Books State Gross Receipts Tax Expense (Acct 4081006)	\$ (58,848)
Proforma State Gross Receipts Tax Expense	<u>19,928</u>
Total Company Adjustment	78,776
Allocation Factor (Specific)	<u>1.000000</u>
STATE GROSS RECEIPTS TAX ADJUSTMENT	<u><u>\$ 78,776</u></u>

Witness: Jeffrey B. Bartsch

Kentucky Power Company
Interest Synchronization Adjustment
Test Year Ended 02/28/2017
W49

Line No.	Description	Amount
(1)	(2)	(3)
1	LTD, per Capitalization (Section V, Sch 3, C 13, Ln 1)	\$648,913,758
2	LTD Rate (Section V, S-2, P 1 , C 5 , Ln 1)	5.32%
3	Annualized LTD Interest (Ln 1 x Ln 2)	<u>\$34,522,212</u>
4	STD, per Capitalization (Section V, Sch 3, C 13, Ln 2)	\$0
5	STD Rate (Section V, S-2, P 1 , C 5 , Ln 2)	0.80%
6	Annualized STD Interest (Ln 4 x Ln 5) (1)	<u>\$0</u>
7	Accounts Receivable Financing (Section V, Sch 3, C 13, Ln 3)	\$46,105,009
8	Accounts Receivable Financing Rate (Section V, S-2, P 1 , C 5 , Ln 3)	1.95%
9	Annualized Accounts Receivable Financing (Ln 7 x Ln 8)	<u>\$899,048</u>
10	Total Annualization Interest (Ln 3 + Ln 6+ Ln9)	<u>\$35,421,260</u>
11	Total Interest Charges per Books (Excludes Account 4320000 - ABFUDC)	\$46,504,720
12	Percent Retail (GP-TOT)	0.985
13	Retail Interest (Ln 11 X Ln 12)	<u>\$45,807,149</u>
14	Decrease Interest Expense (Ln 10 - Ln 13)	<u>(\$10,385,890)</u>
15	SIT Rate	5.8742%
16	SIT Adjustment (Ln 14 X Ln 15)	<u>\$610,088</u>
17	Net Change for FIT (Ln 14 + Ln 16)	<u>(\$9,775,802)</u>
18	FIT Rate	0.35
19	FIT Adjustment (Ln 17 X Ln 18)	<u>\$3,421,531</u>
20	Total State and Federal Income Tax Expense (Ln 16 + Ln 19)	<u>\$4,031,619</u>

Witness: R. K. Wohnhas

Kentucky Power Company
AFUDC Offset Adjustment
Test Year Ended 02/28/2017
W50

Line No.	Description	Total Amount	Jurisdictional GP-TOT
(1)	(2)	(3)	(4)
			.985
1	CWIP Balance at 02/28/2017 (Section V, S-4, C 2, Ln 211)	\$27,165,803	
2	Portion of Line 1 Subject to AFUDC	\$24,754,401	
3	Overall Cost of Capital (Section V, S-2, P 1, C6, Ln 5)	7.28%	
4	AFUDC Recalculation (Ln 2 X Ln 3)	\$1,802,120	\$1,775,089
5	Booked AFUDC in Test Year (Section V, S-8, C 13, Ln 13)	\$1,232,536	\$1,214,048
6	AFUDC Offset Adjustment (Ln 4 - Ln 5)	\$569,584	\$561,041
7	Recalculated Deferred FIT on ABFUDC (1)	\$258,163	\$254,290
8	Booked DFIT on ABFUDC	\$183,664	\$180,909
9	DFIT on ABFUDC Adj. (Ln 7- Ln 8)	\$74,499	\$73,381
	Deferred FIT Calculation: (Ln 4 x 40.93%)		
(1)	Ln 4, Col 3 X 40.93% [(7.28%-4.30%) / 7.28%]	\$737,608	
	FIT Rate	35.00%	
		\$258,163	

Witness: R. K. Wohnhas

Kentucky Power Company
Coal Stock Adjustment
Mitchell Plant
As of February 28, 2017
W51

Line No. (1)	Description (2)	Tons (3)	Average \$/Ton (4)	Amount (5)
1	Balance End of Period (Low Sulfur)	94,209	\$59.50	\$5,605,602
2	Balance End of Period (High Sulfur)	207,285	\$53.81	\$11,153,949
3	Daily Burn Rate (Low Sulfur)	3,841		
4	Daily Burn Rate (High Sulfur)	3,841		
5	Days Supply on Hand - Low Sulfur (Ln 1 / Ln 3)	25		
6	Days Supply on Hand - High Sulfur (Ln 2 / Ln 4)	54		
7	Day Supply Requested (Low Sulfur)	30		
8	Day Supply Requested (High Sulfur)	15		
9	Fuel Stock Requested - Low Sulfur (Ln 3 X Ln 7)	115,215	\$59.50	\$6,855,293
10	Fuel Stock Requested - High Sulfur (Ln 4 X Ln 8)	57,608	\$53.81	\$3,099,886
11	Adjustment to Test Year - Low Sulfur (Ln 9 - Ln 1)	21,006		\$1,249,691
12	Adjustment to Test Year - High Sulfur (Ln 10 - Ln 1)	(149,677)		(\$8,054,063)
13	KPCo's Adjustment Test Year (Ln 11 + Ln 12)	(128,672)		(\$6,804,372)
14	Allocation Factor - PDAF			0.986
15	KPSC Jurisdictional Amount (Ln 13 X Ln 14)			(\$6,709,111)

Witness: John A. Rogness

Kentucky Power Company
Increase O&M Expense For Additional FTE's
Test Year Ended 02/28/2017
W52

Line No.	Description (a)	Amount (b)
1	Increase in Expense for Additional FTE's	\$ 172,767
2	Allocation Factor - GP-DIST	<u>0.999</u>
3	KPSC Jurisdictional Amount (Ln 1 X Ln 2)	<u><u>\$ 172,594</u></u>

Witness: R.K. Wohnhas

Kentucky Power Company
 Adjustment to Remove Big Sandy Unit 2 Deferred Tax Liability from Rate Base (Decommissioning Rider)
 Test Year Ended 2/28/2017
 W53

Line No.	Description (a)	KPCO Total Company Adjustment (b)	Allocation Code (c)	Allocation Factors (d)	Kentucky PSC Retail Jurisdiction Adjustment (e)
1	Remove Big Sandy Unit 2 Deferred Tax Liability from Rate Base	\$ 82,681,209	PDAF	0.985	\$ 81,440,991
2	Net Rate Base Increase due to Removal of Big Sandy Unit 2 Deferred Tax Liability	<u>\$ 82,681,209</u>			<u>\$ 81,440,991</u>

Witness: T. H. Ross

Kentucky Power Company
 Adjustment to recognize accrued surcharge revenue differences
 Test Year Twelve Months Ended 2/28/17
 W54

LINE NO.	DESCRIPTION	KPCO TOTAL COMPANY ADJUSTMENT	ALLOCATION METHOD	ALLOCATION FACTOR	KENTUCKY PSC RETAIL JURISDICTION ADJUSTMENT
1	<u>Off System Sales</u> 44x Retail Revenue	\$ (62,588)	Specific	1.00	(62,588) Reduce Firm Sales

Witness: Alex E. Vaughan

Kentucky Power
Mitchell Plant ADSIT Amortization
FOR THE TEST YEAR ENDED FEBRUARY 28, 2017
W55

Mitchell Plant ADSIT Balance @ 12/31/2017		(787,325)
Requested Amortization Period (Years)		<u>3</u>
Revised ADSIT Annual Amortization		(262,442)
Amortization Recorded on Books	Acct. 4111002	<u>(1,574,616)</u>
Total Company Adjustment		1,312,174
Allocation Factor (Gross Plant)		<u>0.985000</u>
ADSIT Amortization Adjustment	Acct. 4111002	<u><u>\$ 1,292,491</u></u>

Mitchell Plant ADSIT Balance Acquired		(4,723,865)
Amortization Period (Months)		<u>36</u>
Monthly ADSIT Amortization		(131,218)
Amortization Months (July 2015 thru December 2017)		<u>30</u>
Accum Amortization @ 12/31/2017		<u>3,936,540</u>
Mitchell Plant ADSIT Balance @ 12/31/2017	Acct. 2831302	<u><u>(787,325)</u></u>

Witness: Jeffrey B. Bartsch

Kentucky Power Company
Decrease O&M for Vegetation Management Tree Trimming
Test Year Ended 02/28/2017
W56

Line No.	Description (a)	Amount (b)
1	Going Forward 5yr cycle tree trimming	\$ 21,465,163
2	Test Year Tree Trimming	<u>\$ 28,259,445</u>
3	Change to O&M (L1 - L2)	\$ (6,794,282)
4	Allocation Factor - Specific	<u>1.000</u>
5	KPSC Jurisdictional Amount (Ln 1 X Ln 2)	<u><u>\$ (6,794,282)</u></u>

Witness: R.K. Wohnhas

Kentucky Power Company
Annualization of Property Taxes
Twelve Months Ended 2/28/2017
W57

Line No. (1)	Description (2)	(3)	Amount (4)
1	Estimated 2017 Property Taxes on T&D Operating Property Based on December 31, 2016 Assessible Property Value and the Latest Actual Property	\$12,022,003	
2	Less: Estimated Property Tax on Future Plant Site (Carrs Property) Not included in calc, Generation property	\$0	

3	Net Estimated Property Tax Based on December 31, 2015 Assessible Property Value and Latest Actual Property Rates (Ln 1 - Ln 2)		\$12,022,003
4	Property Taxes Charges for the 12 Months Ended 02/28/2017	\$11,417,427	
5	Less: Actual Property Tax on Future Plant Site (Carrs Property) Not included in calc, Generation property	\$0	

6	Net Property Tax Charged 4081005, 4081029 & 4081036 12 Months Ended 02/28/2017		\$11,417,427
7	Adjustment to Property Tax Expense (Ln 3 - Ln 6)		\$604,576
	Allocation Factor - GP-TOT	0.985	<u>\$ 595,507</u>

Witness: Amy J. Elliott