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

ATTORNEY GENERAL'S

INITIAL 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.

Judy K Rosquist
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

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 23rd day of August 2017.

NOTARIAL SEAL STATE OF OHIO

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, Andrew R. Carlin, being duly sworn, deposes and says he is the Director, Compensation and Executive Benefits for American Electric Power Service Corporation and that he has personal knowledge of the matters set forth in the forgoing responses for which he is identified as the witness and the information contained therein is true and correct to the best of his information, knowledge and belief.

Andrew R. Carlin

Andrew R. Carlin

STATE OF OHIO)
) Case No. 2017-00179
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Andrew R. Carlin, this the 21st day of August 2017.

NOTARIAL SEAL STATE OF OHIO

Cheryl L. Strawser
Notary Public, State of Ohio
My Commission Expires 10-01-20

Cheryl L. Strawser

Notary Public

My Commission Expires: October 1st, 2021

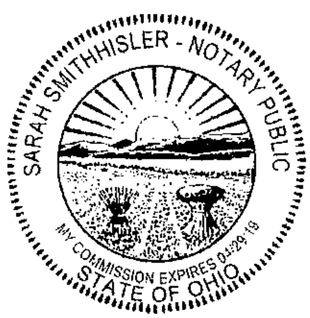
VERIFICATION

The undersigned, Jason A Cash, being duly sworn, deposes and says he is employed by American Electric Power as Accountant Policy and Research Staff that he has personal knowledge of the matters set forth in the forgoing data requests and the information contained therein is true and correct to the best of his information, knowledge and belief

Jason A Cash

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, Curt Cooper, being duly sworn, deposes and says he is the Director of Employee Benefits for American Electric Power, that he has personal knowledge of the matters set forth in the forgoing responses for which he is the identified witness and that the information contained therein is true and correct to the best of his information, knowledge and belief

Curt Cooper

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 Curt Cooper, this the 25th day of August 2017.

Notary Public

NOTARIAL SEAL STATE OF OHIO

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

My Commission Expires: October 1, 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.

Trisha M. Young Blum

Notary Public

Notary ID: 530202

My Commission Expires: 3-18-19

TRISHA M. YOUNG
NOTARY ID 530202
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.

CHELSEA BOGGUS
NOTARY PUBLIC
STATE OF TEXAS
NOTARY ID 13031766-4
JULY 30, 2019

Notary Public

My Commission Expires: 07/30/2019

VERIFICATION

The undersigned, John M. McManus, being duly sworn, deposes and says he is Vice President Environmental Services for American Electric Power Service Corporation, 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.

John M. McManus

John M. McManus

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 John M. McManus, this the 28 day of August 2017.

Patrick R. Ott

Notary Public

My Commission Expires: December 31, 2019

NOTARIAL SEAL
STATE OF OHIO

PATRICK R OTT
Notary Public
In and for the State of Ohio
My Commission Expires
December 31, 2019

VERIFICATION

The undersigned, Zachary C Miller, being duly sworn, deposes and says he is a Corporate Finance Analyst Principal for American Electric Power 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

Zachary C Miller

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 Zachary C Miller, this the 21st day of August 2017.

Notary Public

My Commission Expires:

NOTARIAL SEAL STATE OF OHIO

David C. House, Attorney At Law
NOTARY PUBLIC - STATE OF OHIO
My commission has no expiration date
Sec. 147.03 R.C.

VERIFICATION

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

Debra L Osborne

Debra L. Osborne

STATE OF WEST VIRGINIA)
) 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.

Dorothy E. Philyaw
Notary Public

My Commission Expires: October 2, 2019

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
DOROTHY E. PHILYAW
APPALACHIAN POWER
PO BOX 1986
CHARLESTON, WV 25327-1986
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

TRISHA M. YOUNG
NOTARY ID 530202
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

NOTARIAL SEAL
STATE OF OHIO

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

My Commission Expires: 4/29/18

VERIFICATION

The undersigned, Tyler H Ross being duly sworn, deposes and says he is the Director Regulatory Accounting Services for American Electric Power, that he has personal knowledge of the matters set forth in the forgoing responses for which he is the identified witness and that the information contained therein is true and correct to the best of his information, knowledge and belief

Tyler H Ross
____
Tyler H Ross

STATE OF OHIO)
) Case No. 2017-00179
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Tyler H Ross, this the 23rd day of August 2017.

____
Notary Public

SARAH SMITHHISLER - NOTARY PUBLIC
MY COMMISSION EXPIRES 04-29-19
STATE OF OHIO

My Commission Expires: 04/29/19

VERIFICATION

The undersigned, Stephen L. Sharp, being duly sworn, deposes and says he is a Regulatory Consultant, for Kentucky Power Company and that he has personal knowledge of the matters set forth in the data responses and the information contained therein is true and correct to the best of his information, knowledge and belief

Stephen L. Sharp

COMMONWEALTH OF KENTUCKY)
) 2017-00179
COUNTY OF FRANKLIN)

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

Judy K Rosquist
Notary Public

Notary ID Number: 571144

My Commission Expires: January 23, 2021

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.

NOTARIAL SEAL STATE OF OHIO

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, Katharine I. Walsh, being duly sworn, deposes and says she is a Regulatory Consultant Principal for American Electric Power that she has personal knowledge of the matters set forth in the forgoing data requests and the information contained therein is true and correct to the best of his information, knowledge and belief

Katharine I Walsh

STATE OF OHIO)
) CASE NO. 2017-00179
COUNTY OF FRANKLIN)

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

NOTARIAL SEAL STATE OF OHIO

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

Notary Public

My Commission Expires: October 1, 2021

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

TRISHA M. YOUNG
NOTARY ID 530202
COMMISSION EXPIRES 3-18-19

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

DATA REQUEST

AG_1_001 Reference the Kentucky Public Service Commission ["Commission"]'s deficiency letter in this docket dated July 6, 2017. Confirm that shareholders will pay all costs associated with issuing the revised public notice.

RESPONSE

Confirmed. The cost of the supplemental public notice is not included as part of the Company's rate case expense and instead will be borne by Kentucky Power's shareholder.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_002 Regarding the Rockport station and the Unit Power Agreement ("UPA"), confirm the following:

a. Rockport Unit 1 is owned by KPCo affiliates Indiana Michigan Power Co. ("I&M") and AEP Generating Company ("AEG");
b. Rockport Unit 2 is owned by Wilmington Trust Co., which leases an undivided 50% share of Unit 2 to I&M, and an undivided 50% share to AEG;
c. Under the terms of the UPA, KPCo is entitled to 30% of the output of AEG's share in the Rockport Units;
d. Under the terms of the New Source Review Consent Decree ("Consent Decree," as modified by four Modifications to the Consent Decree) that KPCo and other American Electric Power ("AEP") operating companies entered into with the U.S. Department of Justice, among others, and as more fully described in: (i) the McManus testimony at p. 3 and Exhibit JMM-1 attached thereto in Case No. 2017-00179; and (ii) ECP Plan Project 19, KPCo will be required to pay its proportionate share of the costs of installing Selective Catalytic Reduction ("SCR") technology at Rockport Unit 1;
e. the Rockport UPA expires in 2022;
f. Under the terms of the Consent Decree, Rockport Unit 2 will require approximately $1.4 billion in new pollution controls by 2028;
g. I&M's 2015 IRP filing calls for renewing the Rockport lease, and adding SCR technology in 2019, and FGD systems in 2025 and 2028;
h. In April, 2017 the U.S. Sixth Circuit Court of Appeals issued a ruling ("Appellate Court Ruling") holding that AEG will be responsible for the costs of installing an FGD at Rockport Unit 2 estimated to cost $1.4 billion;
i. The Appellate Court Ruling stated, inter alia, that the EPA initiated and ultimately settled ". . . enforcement litigation against various AEP affiliates for alleged Clean Air Act violations at other coal-burning power plants. But it did not do so with respect to Rockport 2. Rather, having made no allegations regarding the owners' plant, the EPA gained the ability to impose the scrubber requirement only by virtue of the consent decree agreed to by its lessees—one whereby AEP traded away Rockport 2's long-term value in exchange for a more favorable settlement of claims against their other interests."
j. Neither the Kentucky Public Service Commission nor the Kentucky Office of the Attorney General were parties to the cases in which the Consent Decree and the four modifications thereto were formulated and approved.
k. On or about July 21, 2017, KPCo and certain of its affiliates filed a

motion in the U.S. District Court for the Southern District of Ohio (Eastern Division; hereinafter: "U.S. District Court Motion") seeking a fifth Modification to the Consent Decree;

l. The U.S. District Court Motion states, inter alia, at pp. ii-iii, "The Modification seeks to remedy the uncertainty that currently surrounds AEP's rights with respect to Rockport Unit 2 by removing commitments for future pollution control installations (specifically the obligations to install a selective catalytic reduction system ("SCR") by the end of 2019 and a high-efficiency flue gas desulfurization system ("FGD") by the end of 2028) at that Unit and instead committing AEP to one of two alternative courses of action with respect to the Rockport Units";

m. The U.S. District Court Motion states, inter alia, at p. 17 that ". . . given the ongoing dispute with the Lessors concerning the terms of the [Rockport Unit 2] Lease, AEP does not currently plan on extending the term of the Lease, which will terminate in 2022";

n. The U.S. District Court Motion states, inter alia, at p. 18 that ". . . AEP proposes modifying the Consent Decree as follows. . . (1) remove the requirements for additional control installations at Rockport Unit 2 (the SCR and the high-efficiency FGD); (2) memorialize AEP's commitment to seek any appropriate state regulatory approvals to replace Rockport Unit 2's capacity and energy, including but not limited to actions related to the Rockport Unit 2 Lease. . . . ";

o. In the instant case, KPCo seeks approval of its Fifth Amended Environmental Compliance Plan, which includes, inter alia, Project 19 regarding the installation of a selective catalytic converter (SCR) at Rockport Unit 1;

p. The construction of the Rockport Unit 1 SCR is required by the Consent Decree;

q. KPCo and its affiliates are not seeking to delay or negate the construction of the Rockport Unit 1 SCR in their U.S. District Court Motion;

r. The return on equity applicable to construction of the Rockport Unit 1 SCR is 12.16%.

<u>RESPONSE</u>

a. Confirmed.

b. Rockport Unit 2 is owned by Wilmington Trust Co., not in its individual capacity, but solely as owner trustee under twelve separate trusts. Wilmington Trust Co. leases an undivided 50% share of Unit 2 to I&M, and an undivided 50% share to AEG.

c. AEG controls 50% of the Rockport Plant, and the Company is entitled to 30% of the output from AEG's share. Thus, the Company is entitled to 15% of the total output of Rockport.

d. The UPA, not the Consent Decree, governs the Company’s payment of costs related to the Rockport Unit 1 SCR. The Consent Decree requires that the Unit 1 SCR be installed and operated by December 31, 2017. Pursuant to the terms of the UPA, the costs paid by Kentucky Power for its 15% share of the output of the Rockport Plant include a portion of the cost of the Unit 1 SCR and are reflected in the purchased power bill that the Company receives from AEG. The UPA is attached as “AG_1_002_Attachment1.pdf.”

e. Confirmed.

f. The Consent Decree does not address the cost of emissions control technology. The Consent Decree requires an SCR to be installed and operated on Rockport Unit 2 by December 31, 2019. It further requires that one Rockport unit “Retrofit, Retire, Re-power, or Refuel” by December 31, 2025, and that the other Rockport unit “Retrofit, Retire, Re-power, or Refuel” by December 31, 2028. These terms are defined in the Part III, “Definitions,” of the Consent Decree.

g. As a threshold matter, the extension of the UPA between Kentucky Power and AEG is a question that is independent and different from I&M’s resource planning decisions with respect to Rockport. As explained in Kentucky Power’s 2017 Integrated Resource Plan (“IRP”), the UPA expires December 7, 2022. Kentucky Power anticipates that it will address whether to extend the UPA in its 2019 IRP, and it will seek appropriate approval from the Commission for an extension of the UPA or the acquisition of replacement energy and capacity.

I&M’s 2015 IRP did not “call for” any specific actions but rather identified (at page ES-6) maintaining Rockport as one part of I&M’s “preferred portfolio.” I&M’s 2015 IRP made clear (at page ES-13) that the “IRP process is a continuous activity” and “assumptions and plans are continually reviewed as new information becomes available and modified as appropriate.” I&M’s 2015 IRP further clarified that it was “not a commitment to a specific course of action, as the future is highly uncertain.” Id. Rather, the I&M 2015 IRP was “simply a snapshot of the future at this time” (i.e., 2015), as the “complexities” of resource planning “necessitate the need for flexibility and adaptability in any ongoing planning activity and resource planning processes.” Id.

In addition, I&M’s 2015 IRP explained (at page ES-1) that I&M had evaluated multiple resource planning scenarios including cases which removed one or both Rockport units. The results of these analyses showed that the decision whether to retire a Rockport unit was “highly dependent on assumptions” and was “near break-even” in some scenarios. Id.

I&M's 2015 IRP is available at:

https://www.indianamichiganpower.com/info/projects/IntegratedResourcePlan/

h. The referenced "Appellate Court Ruling" has been superseded by a subsequent decision. The U.S. Court of Appeals for the Sixth Circuit ("Sixth Circuit") issued a decision on April 14, 2017. However, in response to a petition for rehearing, the Sixth Circuit granted rehearing and issued a superseding "Amended Opinion" on June 8, 2017. This Amended Opinion reversed the district court's dismissal of certain of plaintiffs' claims. Critically, however, the Amended Opinion made no liability determination and remanded the case to the district court for further proceedings. Please see the Company's response to KPSC 2-49, which provides the Amended Opinion as "KPCO_R_KPSC_2_049_Attachment1.pdf." The Amended Opinion speaks for itself.

i. The Company confirms the quoted language is contained in the June 8, 2017 Amended Opinion. The Company notes that the Sixth Circuit's decision considered all allegations in the lessors' complaint to be true, and that there had been no opportunity to develop a complete factual record in the district court. As noted in subpart (h) above, the June 8, 2017 "Amended Opinion" made no liability determination and remanded the case to the district court for further proceedings. The Amended Opinion, which is provided in the Company's response to KPSC 2-49, speaks for itself.

j. Confirmed. Neither of these entities moved to intervene in the cases.

k. Confirmed. This motion was previously provided to the Attorney General on July 25, 2017 by Kentucky Power and is attached as "AG_1_002_Attachment2.pdf."

l. The Company confirms that the quoted language is contained in the motion, but notes that the specifics of the requested relief are explained in greater detail elsewhere in the motion. The motion ("AG_1_002_Attachment2.pdf") speaks for itself.

m. The Company confirms that the quoted language is contained in the motion, but notes that the circumstances surrounding the litigation with the lessors are set forth more fully elsewhere in the motion. The motion ("AG_1_002_Attachment2.pdf") speaks for itself.

n. Although the quoted language may be found in the motion, the excerpt is only a partial list of the proposed Consent Decree modifications. A complete list can be found on pages 18-22 of the motion ("AG_1_002_Attachment2.pdf").

o. Confirmed.

p. Confirmed.

q. Confirmed. The Rockport Unit 1 SCR went into service on August 9, 2017.

r. Kentucky Power confirms that under the terms of the FERC-approved UPA, the rate it pays for its 15% share of the output of Rockport reflects a 12.16% ROE.

Witness: Matthew J. Satterwhite

DATA REQUEST

AG_1_003 Reference the Phillips testimony, p. 40. Provide the cost estimate for Task 3 (maintenance re-clearing) as set forth in the 2015 Distribution Vegetation Management Plan, both in terms of total cost and cost per mile.
a. Provide the total revised cost for Task 3 which the company is seeking to recover in the instant application.

RESPONSE

The 2015 Vegetation Management Plan projected that Task 3 work would commence July 2019. The 2015 plan also projected total vegetation management O&M expenditures for the first five-year cycle of Task 3 work would total $79,401,641, or $9,845/mile for the 8,065 miles planned to be cleared over the first five-year cycle.

a. Kentucky Power's 2017 Vegetation Management Plan projects the start of Task 3 work beginning January 2019, or six months earlier than was estimated in connection with the 2015 plan. The 2017 plan projects total vegetation management O&M expenditures for the first five-year cycle of Task 3 work will total $108,428,279 or $13,365/mile for the 8,113 miles planned to be cleared over the five-year cycle.

The annual revenue requirement of $21,465,163 for O&M expense associated with the Company's 2017 Vegetation Management Plan – the Vegetation Management O&M expense "the company is seeking to recover in the instant application" – is the average annual cost for the first three years of the 2017 plan (2018-2020). Included in the computation of the three-year average annual cost is $2,419,648 for 144 miles of Task 1 work in 2018; $19,219,118 for 1,479 miles of Task 2 work in 2018; and $42,756,723 for 3,245 miles of Task 3 work in 2019-2020.

Witness: Everett G. Phillips

DATA REQUEST

AG_1_004 Reference the Phillips testimony, pp. 53-54. Confirm that in January 2018, KPCo intends to reduce base rates applicable to tariff classes with primary and secondary service offerings. If confirmed:
a. State the method by which KPCo intends to reduce base rates for these classes;
b. Provide the amount of the reduction for each affected tariff class;
c. Provide an estimated amount of rate reduction for the average residential customer;
d. In the same proceeding by which KPCo intends to reduce base rates for these classes, state whether the company will also address the regulatory asset or liability resulting from the termination of the Big Sandy Unit 1 Operation Rider.

RESPONSE

The Company cannot confirm. Mr. Phillips' statement at page 54 of his testimony that "Kentucky Power proposes to reduce its rates effective Cycle 1 of the January 2018 billing cycle" related strictly to Adjustment W56 (Decrease O&M for Vegetation Management Tree Trimming) whereby Kentucky Power reduced "Test Year Trimming" O&M expense by $6,794,282. This adjustment had the effect of reducing the Company's revenue requirement by a like amount before taxes, which in turn reduced the Company's proposed rates. Kentucky Power proposes to increase rates to all customer classes upon the earlier of January 18, 2017 or the Commission's final order in this case.

a. N/A

b. N/A

c. N/A

d. As described at paragraphs 38-40 of Kentucky Power's June 28, 2017 application, the Company is seeking an order from the Commission in this proceeding authorizing it to establish a regulatory asset or liability (as appropriate) in the amount of any under-recovery or over-recovery associated with the proposed termination of Tariff B.S.1.O.R.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_005 Reference the Sharp testimony beginning at p. 11.
a. Provide the number of residential customers currently participating in the budget payment plan.
b. Of those customers identified in subpart a., above, state how many customers receive LIHEAP assistance.
c. Will the residential customers identified in subpart b., above, still be able to utilize LIHEAP assistance to pay their KPCo bills during the January through March period based on the proposed changes to the budget payment plan? Discuss in detail.

RESPONSE

a. 15,148

b. 198

c. Yes. The proposed change only affects when customers may sign up for the Budget Payment Plan. It does not affect whether those customers may also receive LIHEAP assistance.

Witness: Stephen L. Sharp

DATA REQUEST

AG_1_006 Reference the Sharp testimony, p. 19, lines 10-17.
a. Confirm that the proposed change to the right to refuse or discontinue service when a customer or any member of the customer's household is indebted to the company, will apply only during the time that the debt is in arrears.

RESPONSE

Confirmed.

Witness: Stephen L. Sharp

DATA REQUEST

AG_1_007 Provide any and all workpapers not already filed of record that KPCo used to produce the schedules in the Company's filing, testimony exhibits, and Filing Requirements. To the extent they are in Excel (or similar spreadsheet program), provide such workpapers electronically, with formulas and calculations intact.

RESPONSE

Please refer to the Company's 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 Attorney General 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
Debra L. Osborne
Douglas R. Buck
Tyler H. Ross
Adrien M. McKenzie
Curt D. Cooper
Katharine I. Walsh
Alex E. Vaughan
Zachary C. Miller
Amy J. Elliott
Matthew J. Satterwhite
John M. McManus
Mark A. Pyle
Jason A. Cash
Andrew R. Carlin
Brad N. Hall

DATA REQUEST

AG_1_008 Provide the Excel files not already filed of record, with formulas and calculations intact that were used to produce the Company's filing, testimony, exhibits, studies and workpapers.

RESPONSE

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

Other than as 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 Attorney General has a request for a specific calculation or formula it may be specifically identified and requested.

Kentucky Power 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
Debra L. Osborne
Douglas R. Buck
Adrien M. McKenzie
Katharine I. Walsh
Alex E. Vaughan
Amy J. Elliott
Matthew J. Satterwhite

John M. McManus
Mark A. Pyle
Jason A. Cash
Andrew R. Carlin
Brad N. Hall

DATA REQUEST

AG_1_009 For each KPCo witness that filed testimony, provide a complete set of workpapers and calculations not already filed of record supporting the witness's testimony and exhibits. Provide all such documents in their native format (e.g., Word, Excel, etc.).

RESPONSE

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

Other than as indicated above, Kentucky Power objects to this data request to the extent it seeks information in formats other than Excel or search-capable portable document format. In conformity with the 807 KAR 5:001, Section 8 Kentucky Power is filing its responses electronically. 807 KAR 5:001, Section 8(9)(a) provides that "[u]nless a party objects to the use of electronic filing procedures in the party's motion for intervention, the party shall be deemed to have consented to the use of electronic filing procedures and the service of all papers, including orders, of the commission, by electronic means…."

The Attorney General did not object to the use of electronic filing and service in its motion for intervention. 807 KAR 5:001, Section 8(4)(b) requires that electronic filings, except for audio files, visual files, and electronic spreadsheets, be provided in search-capable portable document format only.

Kentucky Power further 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 Attorney General has a request for a specific calculation or formula it may be specifically identified and requested.

Kentucky Power 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
Debra L. Osborne
Douglas R. Buck
Tyler H. Ross
Adrien M. McKenzie
Curt D. Cooper
Katharine I. Walsh
Alex E. Vaughan
Zachary C. Miller
Amy J. Elliott
Matthew J. Satterwhite
John M. McManus
Mark A. Pyle
Jason A. Cash
Andrew R. Carlin
Brad N. Hall

DATA REQUEST

AG_1_010 For each KPCo witness that filed testimony, identify all documents relied upon by the witness, and provide a copy of all such documents.

RESPONSE

Kentucky Power objects to this request. The request is vague, overly broad, and unduly burdensome. Kentucky Power's application was supported by multiple volumes of documents, calculations, and support filed in accordance with the minimum filing requirements propounded by the Commission. In addition, the testimony of the Company's witnesses further was supported, as appropriate, by the exhibits to their testimony. Kentucky Power will further supplement the record of this proceeding with responses to specific data requests.

Witness: Everett G. Phillips
Debra L. Osborne
Douglas R. Buck
Adrien M. McKenzie
Katharine I. Walsh
Alex E. Vaughan
Amy J. Elliott
Matthew J. Satterwhite
John M. McManus
Mark A. Pyle
Jason A. Cash
Andrew R. Carlin
Brad N. Hall

DATA REQUEST

AG_1_011 For each KPCo witness filing testimony, provide the testimony electronically in native format (e.g., Word).

RESPONSE

Kentucky Power objects to this data request as seeking to impose obligations in excess of, or contrary to, the requirements of 807 KAR 5:001, Section 8. In conformity with the 807 KAR 5:001, Section 8 Kentucky Power is filing its responses electronically. 807 KAR 5:001, Section 8(9)(a) provides that "[u]nless a party objects to the use of electronic filing procedures in the party's motion for intervention, the party shall be deemed to have consented to the use of electronic filing procedures and the service of all papers, including orders, of the commission, by electronic means…."

The Attorney General did not object to the use of electronic filing and service in its motion for intervention. 807 KAR 5:001, Section 8(4)(b) requires that electronic filings, except for audio files, visual files, and electronic spreadsheets, be provided in search-capable portable document format only.

Witness: Matthew J. Satterwhite

DATA REQUEST

AG_1_012 Provide all analyses prepared by or for the Company that compares its present or proposed rates to other electric distribution companies. Provide all workpapers and source documents supporting the Company's response in electronic form, with all spreadsheet links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

Kentucky Power objects to this request on the ground it seeks irrelevant information not reasonably calculated to lead to the discovery of admissible evidence. Kentucky Power is entitled "to demand, collect, and receive fair, just, and reasonable rates for the service rendered or to be rendered by it to any person." Those rates are to be determined based on the specifics of the Company's operations and not those of any other electric distribution company. Without waiving this objection refer to the Company's Response to AG 1-13 for the requested information.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_013 Using data regarding the average level of consumption for the residential class, provide:
a. How Kentucky Power residential customers rank in electricity prices compared to the national average residential customer.
b. The most recent comparison of residential bills of KPCo, Duke Energy (Kentucky), Louisville Gas & Electric Co., and Kentucky Utilities, displayed in $/month, based on 1,000 kWh consumption per month, as provided in the format set forth in KPCo's response to AG 1-2 in Case No. 2013-00197, Attachment 1, p. 57 of 158.
c. How Kentucky Power customers rank in electricity prices in comparison to non-investor owned electricity providers in the state of Kentucky, including TVA.

RESPONSE

Kentucky Power objects to this request on the ground it seeks irrelevant information not reasonably calculated to lead to the discovery of admissible evidence. Kentucky Power's is entitled "to demand, collect, and receive fair, just, and reasonable rates for the service rendered or to be rendered by it to any person." Those rates are to be determined based on the specifics of the Company's operations and not those of any other electric distribution company. Without waiving this objection refer to KPCO_R_AG_1_13_Attachment1.xlsx for the requested information.

Witness: Ranie K. Wohnhas

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

DATA REQUEST

AG_1_014 Will the Company continue to fund the KPCo Economic Advancement Program ("EAP") through shareholder funds? If not, explain fully why not.

RESPONSE

The Company created the KEAP program to implement the economic development obligations included in the Stipulation and Settlement Agreement approved with modifications by the Commission in Case No. 2012-00578. Under the Stipulation and Settlement Agreement, the Company is required to contribute a total of $233,000 per year for five years to economic development efforts in Lawrence and the contiguous Kentucky counties. The Company's five year obligation under the Stipulation and Settlement Agreement expires in 2018. Additional information regarding the conclusion of the KEAP program is included on page 25, lines 3-19 of the testimony of Company Witness Hall.

Witness: Brad N. Hall

DATA REQUEST

AG_1_015 Reference KPCo's Application generally. Provide the rationale and justification for applying a large bulk of the rate increase upon the customer charge instead of upon the usage charge.

a. Does the Company admit that by placing a large percentage of the rate increase upon the customer charge it will deprive its customers of the monetary incentive for conserving energy through less usage?

b. Identify what incentives residential customers will have to conserve energy if the Company's requested rate design is approved.

c. Does the Company acknowledge that many, if not most of its residential members would prefer to retain the ability to control the amount of the bill they owe, and that many are likely to view the company's proposal to place a large majority of the proposed increase on the monthly customer charge as an attempt to eliminate their ability to control the amount of their bill? Cite all studies the Company has conducted of its own ratepayer base to support the Company's decision to seek the proposed rate design in the instant case, and provide copies of same.

RESPONSE

Kentucky Power objects to this request as being vague with respect to the undefined term "large bulk." Without waiving this objection, Kentucky Power responds that the increase in customer charge represents only approximately 28% of the proposed increase to the customer class. As described in detail on pages 10-18 of the testimony of Company Witness Vaughan, Kentucky Power is proposing to increase the customer charge in this manner as part of an ongoing, but gradual, process to match the fixed customer charge with the actual fixed cost of providing service to those customers.

a. No.

b. The goal of the Company's proposed residential rate design is to help send accurate, cost-based price signals to customers. As stated in Company Witness Vaughan's testimony, in addition to its proposal to increase the basic service charge, the Company has also proposed to increase its base rate kWh charge. Because the total amount charged in a customer's bill is still largely driven by the amount of energy consumed, a decrease in consumption will result in a decreased bill.

c. No. Under the Company's proposal Customers will still be able to control the amount of their bill through their energy consumption, as usage will remain the driving factor for the total bill, in fact approximately 90% of the proposed residential bill will remain variable (usage based). The Company has not conducted a specific study regarding the proposed residential rate design.

Witness: Alex E. Vaughan

DATA REQUEST

AG_1_016 Provide copies of all studies that the Company has conducted addressing the impact that the proposed rate design will have on the elderly, low income, fixed income and home bound segments of its ratepayer base. Provide detailed information for each specified group.

RESPONSE

Based on test year data, the average kWh usage for the Company's low income energy assistance customers (1,392 kWh/month) is greater than the average usage for the residential class as a whole (1,246 kWh/month). Because the increased service charge benefits higher usage customers by reducing intra-class subsidies, the change will benefit the average low income customer.

The Company does not have customer breakdowns for elderly, fixed income or home bound customers.

Witness: Alex E. Vaughan

DATA REQUEST

AG_1_017 Has the Company complied with the Distribution Vegetation Management Plan approved by the Commission in Case Nos. 2009-00459 and 2014-00396? If yes, explain in full detail. If no, explain in full detail why the Company has not fulfilled its obligations under the plan.

RESPONSE

Yes. The Commission's June 28, 2010 Order in Case No. 2010-00459 and its June 22, 2015 Order in Case No. 2014-00396 imposed additional vegetation management O&M expenditure requirements on, and provided additional funding to, the Company. Through the calendar year ended December 31, 2016 Kentucky Power exceeded the cumulative vegetation management O&M expenditure requirements by $1.55 million. The Company anticipates meeting or exceeding the 2017 vegetation management O&M expenditure requirements.

The Orders also imposed semi-annual planning or reporting requirements on the Company. Kentucky Power filed the required reports on a timely basis and anticipates filing its 2018 vegetation management plan on or before October 2, 2017.

The Commission's June 22, 2015 Order in Case No. 2014-00396 also obligated Kentucky Power to seek Commission leave before deviating more than 10% from its estimated level of district vegetation management O&M expenditures. Kentucky Power sought and received the required approval in Case No. 2016-00143.

Finally, Kentucky Power is proposing to start its Task 3 work approximately six months earlier than was projected in its 2015 vegetation management plan. In addition, the Company is proposing to reduce the amount of vegetation management O&M expense included in base rates (albeit by an amount less than originally estimated) 18 months earlier than originally required absent an intervening rate case.

Witness: Everett G. Phillips

DATA REQUEST

AG_1_018 Vegetation Management. Explain the following:
a. Are tree removals inside the previous ROW boundaries capitalized if the ROW is widened? If so, show the capitalized amounts, by account, for each year during which the Distribution Vegetation Management Plan approved by the Commission in Case No. 2009-00459 has been in effect through calendar year 2014 and any updates to that Plan from Case No. 2014-00396.
b. Elaborate regarding how the crews determine and report whether or not tree removal activities are capitalized.
c. Provide the detailed company policy on capitalization of tree removal costs from widened ROW.
d. For each response in subparts (a) through (c), above, explain how Appalachian Power Company ("APCo") treats each item.

RESPONSE

a. The expenses associated with the removal of trees inside an existing right-of-way boundary are capitalized only if the tree is larger than 18 inches in diameter. Please refer to the Company's response to subpart (b) for further detail on the Company's capitalization of tree removal expenses. Kentucky Power Forestry capital Expenditures beginning July 1, 2010 through calendar year 2016 are provided in the Direct Testimony of Everett G. Phillips at page 39, Table 7.

b. The charges associated with the removal of trees greater than 18 inches in diameter (whether inside or outside the rights-of-way) are capitalized. The expenses associated with the removal of trees outside an existing right-of-way are capitalized without regard to the diameter of the tree if the right-of-way is widened beyond the established width for an entire span. The removals and associated labor & equipment for capital work are reported by the crew foreperson on a separate work sheet.

c. See attachment KPCO_R_AG_1_18c_Attachment1.pdf for the requested information.

d. Kentucky Power objects to this request to the extent it seeks information about a non-jurisdictional utility. Appalachian Power Company and all other AEP operating companies utilize the same Accounting Policy/Procedure.

Witness: Everett G. Phillips

DATA REQUEST

AG_1_019 Vegetation Management Plan.
a. Provide any studies, analyses or reports estimating the effect of the Company's Vegetation Management Plan for each scenario on CAIDI, SAIFI and SAIDI for each year from 2016 to 2023.
b. For each scenario break down annual costs in table 10 into O&M expense and capital costs.
c. For each year show: (i) the miles of ROW widened under each scenario; (ii) the additional acres of ROW obtained to widen ROW under each scenario;(iii) the assumed average cost per acre for additional ROW obtained to widen ROW under each scenario.

RESPONSE

a. No such study, analysis, or report has been prepared.

b. Because of the context and location of subpart (b) of this data request Kentucky Power assumes the data request was intended to refer to Table 9 of Company Witness Phillips' direct testimony and not Table 10 (which provides Smart Grid investment). The dollar values shown in Table 9 constitute solely O&M expenditures.

c(i) – c(iii) Because of the context and location of subpart (c) Kentucky Power assumes the data request was intended to refer to Table 9 of Company Witness Phillips' direct testimony and not Table 10 (which provides Smart Grid investment). The dollar values shown in Table 9 are solely O&M expenditures and thus do not reflect right-of-way expansion expenditures which are accounted for as capital.

Kentucky Power cannot estimate the miles of right-of-way to be widened, the corresponding acreage, or the cost per acre in connection with its distribution vegetation management program. With these limitations, the Company anticipates that right-of-way widening will comprise only a small portion of program capital investment.

Witness: Everett G. Phillips

DATA REQUEST

AG_1_020 Vegetation Management.
a. Provide the contracts in effect with all vegetation contractors during the test year.
b. Provide the current contracts in effect with all vegetation contractors.
c. Provide all training materials, handbooks, and standards regarding vegetation management practices and expectations provided to vegetation contractors.
d. Provide the KPCo management structure and policy for oversight of vegetation contractors.
e. With regard to all contractors identified in this question, describe any ownership or organizational relationship to KPCo.
f. With regard to your responses to subparts (c) and (d), above, provide the similar materials utilized by APCo.

RESPONSE

a-c. Please refer to KPCO_R_AG_1_20_Attachment1_Redacted.pdf for the contracts that were in effect during the test year and remain in effect for the requested information. The Company anticipates filing the documents no later than August 30, 2017. The delay was occasioned by the need to make multiple redactions on documents comprising more than 1,400 pages.

This document is voluminous and is being provided subject to the Company's motion for deviation.

d. Kentucky Power Vegetation Management Program employs six Kentucky Power utility foresters who are responsible for managing the forestry program for their assigned area. The six utility foresters and an Administrative Associate report to the Forestry Supervisor, who manages the Kentucky Power's vegetation management program. The Forestry Supervisor reports to Region Support Manager who works under the direction of the Managing Director of Distribution Region Operations.

e. Kentucky Power's vegetation contractors are: Asplundh Tree Expert Co., Davey Resource Group, Nelson Tree Service, Inc., Wright Tree Service, Inc., and Summit Helicopters, Inc. The vegetation contractors are independent. Neither American Electric Power Company nor Kentucky Power has organizational or ownership relationship with these contractors.

f. Kentucky Power objects to this subpart. APCo is a separate entity and is not a party to this proceeding. Without waiving this objection, APCo uses the materials provided in subpart (c). With respect to subpart (d), APCo has a similar management structure and policy for oversight. APCo's management structure includes an additional layer of management between the Utility Foresters and the Forestry Supervisor in the management structure. This layer consists of two employees, Region Forestry Leads, who are required because APCo operates in both West Virginia and Virginia.

Witness: Everett G. Phillips

DATA REQUEST

AG_1_021 Regarding Kentucky Power's 50% ownership in the Mitchell Plant, provide the following:
a. Current ownership agreement or any other related documents that detail how management decisions are made among the owners of the Mitchell Plant.
b. A complete list of all owners, with percentage ownership.
c. Any affiliates of each owner and the related organization structure.
d. Membership of plant ownership management committee or equivalent owners' representative organization.
e. Minutes, agendas, handouts and presentations from all meetings of the ownership management committee (or equivalent) for the last 3 years.

RESPONSE

a. Please refer to KPCO_R_AG_1_21_Attachment1.pdf for the Mitchell Plant Operating Agreement.
b. 50% of the Mitchell Plant is owned by Kentucky Power Company and 50% is owned by Wheeling Power Company.

c. Both Kentucky Power Company and Wheeling Power Company are subsidiaries of American Electric Power, Inc. Please refer to the Company's response to KPCO_R_KPSC_1_2 for the requested information.

d. The current representatives of the Mitchell Operating Committee are Matthew J. Satterwhite, President & COO, KPCo; Christian T. Beam, President & COO, WPCo; and Daniel V. Lee, Senior Vice President, Fossil & Hydro Generation, AEPSC.

e. Please refer to KPCO_R_AG_1_021_Attachments2 - 9.pdf and KPCO_R_AG_1_021_Attachments10.xls for minutes, agendas, handouts, and presentations from the ownership management committee.

Witness: Debra L. Osborne

DATA REQUEST

AG_1_022 Regarding Kentucky Power's 15% ownership in the Rockport Plant, provide the following:
a. Current ownership agreement or any other related documents that detail how management decisions are made among the owners of the Rockport Plant.
b. A complete list of all owners, with percentage ownership.
c. Any affiliates of each owner and the related organization structure.
d. Membership of plant ownership management committee or equivalent owners' representative organization.
e. Minutes, agendas, handouts and presentations from all meetings of the ownership management committee (or equivalent) for the last 3 years.
f. The amount of the demand charge KPCo pays for power produced at the Rockport plant. Confirm this sum is paid regardless of whether KPCo uses any power from Rockport.
g. Complete supporting information for the return on equity that KPCo is requesting in the current rate case on its 15% ownership in the Rockport Plant.

RESPONSE

a, c, d, e. The Company does not have an ownership interest in the Rockport Plant. Kentucky Power has a unit power agreement for 15% of the generation from the Rockport Plant. Please refer to the Company's response to KPSC 1-2 and AG 1-2 for additional requested information.

b. Please refer to the Company's response to AG 1-2 for the requested information.

f. Please refer to AG 1-301 for the requested information.

g. The Company does not own 15% of the Rockport plant but rather purchases 15% of the output of the plant through the FERC-approved Unit Power Agreement ("UPA") with AEP Generating Company ("AEG"). The return on equity reflected in Rockport power bills from AEG is established in the FERC-approved UPA. Please see the Company's response to AG 1-002(d) and AG 1-314(a), (d)-(f).

Witness: Matthew J. Satterwhite

DATA REQUEST

AG_1_023 Mitchell Plant Maintenance. Provide the following:
a. A detailed list of all Mitchell maintenance activities, the associated costs, and the expected frequency of the maintenance activity for 2017, 2018, and 2019.
b. A detailed list of all major scheduled maintenance activities and expected frequency of these maintenance activities.
c. Maintenance activity costs for 2012 through 2016.
d. Justification for the average proposed by the Company.

RESPONSE

a. Please refer to KPCO_R_AG_1_23_Attachment1_Redacted.pdf for the projected Mitchell Plant maintenance activities and costs.

b.&c. Please refer to KPCO_R_AG_1_23_Attachment2.xlsx for the Mitchell Plant maintenance activities, frequencies, and historical costs.

d. Please refer to the testimony of Company witness Wohnhas (at page 16, line 30 through page 17), for a justification of the need for proposing an average.

Witness: Debra L. Osborne

DATA REQUEST

AG_1_024 Reference the Direct Testimony of Andrew R. Carlin in regard to incentive compensation. Provide the following:
a. Identify and provide a complete copy of all incentive compensation plans for KPCo employees and AEP Service Company shared employees.
b. Are there any incentive compensation adjustments for the test year directly related to distribution reliability? If so provide details. If not, why not?
c. Are there any incentive compensation adjustments for the test year directly related to improvements in SAIDI, CAIDI and SAIFI? If so provide details. If not, why not?
d. Are there any incentive compensation adjustments for the test year related to vegetation management and miles of ROW clearing? If so provide details. If not, why not?
e. Are there any incentive compensation adjustments for the test year directly related to generation plant performance? If so provide details. If not, why not?
f. Are there any incentive compensation adjustments for the test year directly related to providing safe and reliable service to customers? If so provide details. If not, why not?
g. Are there any incentive compensation adjustments for the test year directly related to environmental performance and compliance? If so provide details. If not, why not?
h. With regard to each response in subparts (a) through (g), above, provide responses as to how APCo treats each item.

RESPONSE

a. Please refer to KPCO_R_KIUC_1_30_Attachment_1.pdf, for the requested information.

b. through h., please note that incentive compensation was accrued at target payout levels for the 2017 portion of the test year (January and February 2017) and 2017 incentive results are not yet known. Therefore, no incentive compensation "adjustments" are listed with respect to 2017.

b. Yes, the test year included incentive compensation directly related to distribution reliability and the associated test year expenses reflects actual performance towards these measures. For 2016 these measures included Kentucky Power Company's Risk Mitigation and Reliability Work Plans each with a 5% weight and a SAIDI measure with a 5% weight.

Risk Mitigation Work Plan (5% weight)

1. Inspect poles that are 50 years and older or age is unknown. Targeted facilities 9,500 for 1.0. Targeted facilities 7,600 for 0.0. Remediate priority poles within one year and replace reject poles within three years. Weighted 17%.
    - 9,500 poles inspected, 106 of the 116 priority poles replaced and 174 of the 370 rejected poles replaced for a score of 191.4% of target
2. 5,511 miles of overhead circuit inspection and remediation of priority items found within 1 year. Weighted 16%.
    - All 5,511 miles inspected and 40% of 967 items found will be remediated within 1 year for a 140.0% of target score
3. 2,371 units of underground circuit inspection and remediation of priority items found within 1 year. Weighted 17%.
    - All units inspected and 40% of 78 priority items will be remediated within 1 year for a 140.0% of target score.

Reliability Work Plan (5% weight)

1. Vegetation Management plan: 0.0 below 1,406 miles, 1.0 for 1,757 miles, and 2.0 for 2,108 miles or above. Weighted 20%.
    - Re-cleared 1,845 miles for a 125.0% of target score.
2. Cutouts replaced: 0.0 below 1,440 cutouts, 1.0 for 1,800 cutouts, and 2.0 for 2,160 cutouts or above. Weighted 10%.
    - 2,160 cutouts replaced for a 200.0% of target score.
3. Additional sectionalizing: 0.0 for spend below $180,000, 1.0 for spend of $225,000, and 2.0 for spend of $270,000 or above. Weighted 10%.
    - More than $270k spent on additional sectionalizing for a 200.0% of target score
4. Storm Hardening: 0.0 for spend below $1.0M, 1.0 for spend of $1.25M, and 2.0 for spend of $1.5M or above. Weighted 10%
    - Under $1.0M spent for a 0.0% of target score.

The overall 2016 score for the reliability work plan measure was 143.7% of target. Please refer to c. below for details on the SAIDI performance measure.

c. Yes, the 2016 and 2017 Kentucky Power Company annual incentive plan include a SAIDI measure with a 5% weight: 0.0% score for SAIDI above 564.88, 1.0 for 451.9, and 2.0 for 338.93 or lower. The actual Kentucky Power Company 2016 SAIDI was 446.2, which produced a 105.0% of target score that had a slightly positive impact on annual incentive compensation.

d. Please see Reliability Plan item 1 under b. above for a description of the vegetation management and miles of right of way ("ROW") clearing goal.

e. Yes, the test year included incentive compensation directly related to generation plant performance and the associated test year expenses reflects actual performance towards these measures. The specific 2016 measures were EFORv (15% weight) and EFORd (5% weight) for the AEP Generation group. EFORd (Equivalent Forced Outage Rate Demand) is a NERC defined performance metric representing the percentage of time a unit is forced out but in demand by the regional transmission organization ("RTO"). EFORv is an AEP defined metric designed to represent a measure of the value lost due to forced outages. The threshold (0% payout), target (100% payout) and maximum payout performance levels for 2016 were 7.08%, 5.90% and 4.72% for EFORv and 8.92%, 7.43% and 5.95% for EFORd, respectfully. The actual EFORv and EFORd results were 4.92 and 6.81, respectively. This resulted in scores of 183.0% and 142.0% of target, respectively.

f. Yes, the test year included incentive compensation directly related to providing safe and reliable service to customers. In addition to the Reliability and SAIDI measures discussed in parts b. and c. above, the 2016 Kentucky Power Company annual incentive plan included a Kentucky Power Company Customer Experience Work Plan (10% weight), J.D. Power Overall Customer Satisfaction Index improvement (5% weight), AEP System-wide Customer Experience Work Plan (5% weight) and Emergency Restoration Planning (5% weight) measures:

Kentucky Power CompanyCustomer Experience Work Plan (10% weight)

1. Restructure Organization to focus on Customer Service – announce changes by 2/11/16 for 1.0 and implement changes by 4/1/16 for 2.0
2. Establish Customer Experience Team by 4/30/16 for a 1.0 and by 3/31/16 for a 2.0
3. Implement new Customer Service Standards & Execute Expectations/Training – develop training and deliver by 5/31/16 1.0 and by 5/1/16 for a 2.0
4. Engage Customers on various topics in Public Meetings. 20 meetings 1.0 and 30 meetings for a 2.0
5. Design & Implement Damage Assessment Maintenance program improving our customer satisfaction and reliability. Implement by 9/30/16 for a 1.0 and by 6/30/16 for a 2.0
6. Re-Train on Global ETR and FETR's; Complete retraining by 6/1/16 for a 1.0 or by 4/30/16 for a 2.0
7. Home Energy Reports expanded to communicate better with more customers, including messaging for text alerts. Completed by 9/30/16 for a 1.0 or by 6/30/16 for a 2.0

8. Improve the use of DAVOX & COINS messages to our customers. Train additional employees and complete refresher training for others – 9/30/16 for a 1.0 or by 6/30/16 for a 2.0
9. Corporate Communications use TV, Radio and online advertising to boost mobile alerts by 5/1/16 for a 1.0 and seek partnerships with all the local 911 centers on mobile alerts by 7/1/16 for a 2.0
10. Host 2 meetings with JD Powers for Customer Service employees and management. 1 meeting for a 1.0 or 2 meetings for a 2.0.

All of the Kentucky Power Company's Customer Experience Work Plan measures were completed at or above the 200.0% of target performance level resulting in a 200.0% of target score.

The Kentucky Power Company's J.D. Power Residential Customer Satisfaction Index (5% weight) performance metric required 2.4% improvement for a 100% of target payout and 4.8% improvement for a 200.0% of target payout. The actual result improved from 623 in 2015 to 653 in 2016, resulting in a 200% of target score.

The AEP System-wide Customer Experience Work Plan (5% weight) include completion and testing and acceptance of an outage mapping project as well as a customer analytics project. The score for this measure was 141.0% of target.

Emergency Restoration Planning (5% weight) measure included implementation of WebEOC, utilization of the Incident Command System, and conducting a damage assessment using Asset Scout or the spectrum Damage Assessment Tab. These goals were completed at a 175% of target performance level.

g. Yes, the test year included incentive compensation directly related to environmental performance and compliance. The 2016 Generation Incentive Plan included an Environmental and NERC Compliance Index (10% weight) measure. The threshold, target and maximum performance points were 10, 5 and 0 environmental or compliance incidents. The Generation group experienced 13 incidents, which resulted in a 0.0% score for this measure.

The 2016 Transmission Incentive Plan included separate Environmental Compliance 2% weight and NERC Compliance (2%) measures for Transmission employees. The threshold, target and maximum performance points for Environmental Compliance were 4, 2 and 0 formal notices of violation (as defined). The Transmission group experienced no notices of violation, which resulted in a 200.0% score for this measure. The threshold, target and maximum performance points for NERC Compliance measure were <85% internally identified issues, 85% internally identified issues and 100% internally identified issues by quarter. The Transmission internally identified 60% of the issues in Q1 and 100% of the issues in all other quarters, which resulted in a 175.0% score for this measure.

h. Kentucky Power objects to the request on the ground it seeks irrelevant information not reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection Kentucky Power provides the following response. The 2016 and 2017 incentive compensation performance measures for Appalachian Power Company are substantially comparable to those of Kentucky Power Company except that the specific performance targets represent stretch but achievable levels of performance for Appalachian Power Company, instead of Kentucky Power Company, given Appalachian Power Company's past performance and other factors.

Witness: Andrew R. Carlin

DATA REQUEST

AG_1_025 During the test year did the Company participate in any affiliated company power pool?If yes, provide the following: a. A comprehensive description of the Pool. B. The Pool agreement. C. Any assets or allowances that were dispersed upon termination of the Pool and how these were dispersed, together with any agreements relevant thereto. D. Costs incurred by KPCo in each of the years 2015, and 2016 as a direct result of participation in the Pool. E. Costs incurred by KPCo in 2017, by account, that relate to KPCo's participation Pool.

RESPONSE

No. The AEP Interconnection Agreement ("Pool Agreement") ended December 31, 2013.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_026 Generating facilities. Provide the following with regard to generating facilities of KPCo, and APCo (for comparison purposes):
a. Net Capability rating of each facility included in KPCo's and APCo's rates for each year, 2014 through 2017.
b. Annual Equivalent Availability of each facility included in KPCo's and APCo's rates for each year, 2014 through 2017.
c. Annual Net Capacity Factor of each facility included in KPCo's and APCo's rates for each year, 2014 through 2017.
d. Annual Forced Outage Rate of each facility included in KPCo's and APCo's rates for each year, 2014 through 2017.
e. Annual Average variable O&M cost (without fuel) per MWH of each facility included in KPCo's and APCo's rates for each year, 2014 through 2017.
f. Annual Average fuel cost per MWH of each facility included in KPCo's and APCo's rates for each year, 2014 through 2017.
g. All studies or reports KPCo or APCo have prepared comparing performance metrics of each facility included in KPCo's rates in 2014 through 2017.

RESPONSE

The Company objects to the request to the extent it seeks information about APCO units that are not comparable to KPCO units. APCO generation data does not provide a reasonable basis for comparison due to fuel variations, differing dispatch costs, and varied frequencies and scope of planned and forced outages.

a. – f. Please refer to KPCO_R_AG_1_026_Attachment1_Redacted.pdf for requested KPCO facility performance and cost information.

g. The Company has not developed any studies or reports comparing performance metrics of KPCO facilities. The Company relies on GADS data and third-party data analytics in evaluating its generating units.

Witness: Debra L. Osborne

DATA REQUEST

AG_1_027 State whether the proposed enhancements to the company's vegetation management program will:
a. Reduce O&M expense, and if so, by what amount;
b. Reduce both recurring annual transmission and distribution plant investment and removal costs due to longer line and equipment life; and
c. Increase revenues due to increased usage which otherwise would have been foregone during outages.

RESPONSE

a. Yes. Kentucky Power is proposing to reduce annual vegetation management O&M expense beginning the effective date of the rates approved in this case by $6,195,897 from the $27,661,060 2018 vegetation management O&M expense provided for in the 2015 plan approved in Case No. 2014-00396 to the $21,465,163 included in the Company's proposed revenue requirement. This reduction, albeit smaller than the reduction provided for by the 2015 plan absent an intervening rate case, is occurring approximately 18 months earlier than the reduction provided for in the 2015 vegetation management plan. Please refer to pages 40-42 of Company Witness Phillips direct testimony for the factors producing the higher than earlier estimated Task 3 O&M expenses.

b. Kentucky Power is not aware of any correlation between vegetation management and life expectancy of line and equipment assets. Kentucky Power's proposed 2017 vegetation management program is limited to distribution facilities.

c. Tree-related outages resulting from trees or vines located in the rights of way accounted for approximately 5.95 million customer minutes of interruption (major storms excluded) during 2016. It is not realistic to anticipate that 100% of these outages will be eliminated by Kentucky Power's vegetation management efforts. But even if the outages were completely eliminated, the increased revenues due to increased usage would be minimal.

Witness: Everett G. Phillips

DATA REQUEST

AG_1_028 For each $1 million spent in the proposed enhancement to the vegetation management program, state the percentage improvement the company expects to receive in the CAIDI, SAIFI, SAIDI indices.

RESPONSE

Kentucky Power is unaware of any calculation permitting it to quantify the relation between improvements in CAIDI, SAIFI, and SAIDI and $1 million increments in vegetation management expenditures. Further, because of other factors affecting CAIDI, SAIFI, and SAIDI, it is not possible to estimate the effect on these metrics of fully funding the Company's proposed Vegetation Management Plan. See Direct Testimony of Company Witness Phillips at 13-16, 41-42.

Witness: Everett G. Phillips

DATA REQUEST

AG_1_029 Will the company's proposed vegetation management enhancements give any priority to its ten (10) worst-performing circuits, or would all circuits receive the same priority?

RESPONSE

Prior to July 2010, the Company's performance-based vegetation management plan focused on the circuits with the greatest vegetation management requirements. Among the factors emphasized was individual circuit performance. With the adoption in 2010 of a cycle-based plan, vegetation management is performed on a more regularized basis so that all circuits are cleared on a scheduled basis. Notwithstanding this shift in emphasis, Kentucky Power Company also addresses the poorer-performing circuits within the framework of a cycle-based plan. Thus, in 2016 Kentucky Power's unscheduled and reactive O&M expenditures totaled $312,223.21. The circuits that have been re-cleared are documented in the Vegetation Plan Summary filed annually with the Commission. See e.g., Exhibit EGP-4.

Witness: Everett G. Phillips

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DATA REQUEST

AG_1_030 Provide the company's line loss figures for each of the past ten (10) years through 2016.

RESPONSE

Please refer to KPCO_R_AG_1_030_Attachment1.xls for the requested information.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_031 Provide the annual actual late payment revenues for each year through 2015, and through the end of the test year.

RESPONSE

Please refer to KPCO_R_AG_1_031_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_032 With regard to the Kentucky Economic Development Surcharge, have all funds collected gone solely toward economic development, and exclusively within the KPCo service territory? If not, explain fully why not.

RESPONSE

Yes. Please see Exhibit BNH-2 and the Company's response to AG 1-390 for a description of grants issued under the K-PEGG program.

Witness: Brad N. Hall

DATA REQUEST

AG_1_033 For each year of its existence show in detail how much was collected and show in detail how the funds were utilized.

RESPONSE

Through February 28, 2017, the Company has collected $493,529.46 through the Kentucky Economic Development Surcharge. The Company matched customer investment on a dollar-for-dollar basis adding $493,529.46 for a total of $987,058.92 for use in the K-PEGG program. Information regarding K-PEGG grants issued through February 28, 2017 is provided in Exhibit BNH-2.

Witness: Brad N. Hall

DATA REQUEST

AG_1_034 Is the company willing to increase the shareholder funding of the Kentucky Economic Development Surcharge? If not, explain fully why not.

RESPONSE

Kentucky Power objects to this request to the extent it seeks to negotiate changes to the Company's application through discovery. Notwithstanding the objection, the Company proposed to increase the KEDS amount from $0.15 to $0.25 and to increase the dollar-for-dollar match by the Company by the same amount is it application. The Company anticipates that the expansion of the K-PEGG program will result in an increase in Company contribution of approximately $200,000. Additional information about the proposed expansion of the K-PEGG program is provided in Section VIII of the testimony of Company Witness Hall.

Witness: Matthew J. Satterwhite

DATA REQUEST

AG_1_035 Does the AEPSC currently provide the services, personnel and funding for KPCo to achieve and maintain: (i) NERC compliance; and (ii) compliance with applicable cybersecurity standards? If so, provide the annual sum AEPSC charges for these services.

RESPONSE

AEPSC provides compliance services and technical expertise to Kentucky Power to achieve and maintain NERC compliance, as well as compliance with applicable cybersecurity standards.

AEPSC does not charge specifically for compliance services. The compliance programs and functions costs are spread over many departments and business units that provide a larger service to Kentucky Power. These include IT infrastructure, telecommunications, applications, and information security with compliance services included in each unit's overall cost structure. Therefore, it is not possible to accurately segregate and report those costs specific to compliance activities.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_036 Reference the Application generally. How many Kentucky Power customer complaints has the Company received in the past five (5) years? Provide the specific number of customer complaints for each year from 2012 through 2017 to date.
a. How many customer complaints has the Company received specifically upon electricity outages?
b. How many customer complaints has the Company received specifically upon the processes to report an electricity outage?

RESPONSE

Kentucky Power has received the following number of informal complaints for the past 5 years:

2012 - 163

2013 - 159

2014 – 156

2015 – 129

2016 - 136

2017 - 182

a. Listed below are the number of informal complaints Kentucky Power has received for the past 5 years

specifically for outages:

2012 - 75

2013 - 25

2014 – 24

2015 – 20

2016 – 14

2017 - 15

b. Listed below are the number of informal complaints Kentucky Power has received for the past 5 years

specifically on reporting an electric outage:

2012 - 0

2013 - 0

2014 – 1

2015 – 1

2016 - 1

2017 - 2

Witness: Amy J. Elliott

DATA REQUEST

AG_1_037 Reference the Application generally. What process(es) does Kentucky Power have in place to address customer complaints? Explain in full detail.

RESPONSE

The Company assumes this question is limited to informal complaints made to the Commission. With respect to such complaints, Kentucky Power follows the rules and regulations set forth by the Kentucky Public Service Commission in 807 KAR 5:001, Section 21.

Witness: Amy J. Elliott

DATA REQUEST

AG_1_038 Reference the Application generally. What process(es) does Kentucky Power have in place for a customer to alert the Company that there is a power outage?

RESPONSE

Kentucky Power customers may report outages by dialing the directory listed Kentucky Power toll free number 800-572-1113 or the directory listed AEP-AUTO (877-AEP-AUTO) number. Outages may also be reported through Kentucky Power's web site (kentuckypower.com) using various devices including a computer, tablet, or smartphone. Customers dialing the toll free numbers to report a power outage may be routed to a Customer Operations Associate for processing or may be routed to the automated outage reporting application allowing customers to report their power outage through automation.

Witness: Everett G. Phillips

DATA REQUEST

AG_1_039 Lead-Lag Study. Provide the electronic Excel files, with formulas and calculations intact, which were used to produce the lead-lag study that was used for the current rate case.

RESPONSE

Kentucky Power did not perform a lead-lag study for the current rate case.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_040 Data requests of others: With regard to all data requests served on the Company concerning the testimony of KPCo witnesses and other issues being addressed in this proceeding and to the extent that any of the responses to these data requests involve calculations using a program such as Microsoft Excel or Access, provide a complete copy of the electronic files, with formulas, calculations, macros, and cell references intact.

RESPONSE

Kentucky Power objects to this request as overly broad and unduly burdensome. Kentucky Power has filed and will continue to file its responses to data requests in conformity with 807 KAR 5:001, Section 8. All written responses are filed in search-capable portable document format. To the extent a data requests specifies that the requested information is to be provided in an Excel spreadsheet the Company is providing the spreadsheet with the formulas, calculations and cell references unprotected. In addition, the Attorney General's request seeks to impose on the Company the unreasonable, unduly burdensome obligation to search each of Kentucky Power's responses to the more than 250 data requests (not including subparts) served by parties other than the Attorney for calculated values and then determine whether Excel, Access, or other "program" was used to make the calculation even if the requesting party did not request the electronic file. The Attorney General's request exceeds the bounds of reasonable discovery.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_041 Chart of Accounts. Provide the detailed chart of accounts used by the Company during the test year, and how the accounts used by the Company relate to and correspond with the FERC Uniform System of Accounts. Update for any subsequent changes.

RESPONSE

Please refer to Section II, Exhibit M to the Application for the Chart of Accounts.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_042 Provide a complete copy of KPCo's detailed general ledger for 2015 and 2016 and for the periods ended 2/28/2017 and 6/30/2017. In addition, provide new monthly data as it becomes available through the course of this proceeding.

RESPONSE

Please refer to: KPCO_R_AG_1_042_Attachment1.pdf, KPCO_R_AG_1_042_Attachment2.pdf, KPCO_R_AG_1_042_Attachment3.pdf, KPCO_R_AG_1_042_Attachment4.pdf and KPCO_R_AG_1_042_Attachment5.pdf for the requested detailed information. These documents are voluminous and are being provided subject to the Company's motion for deviation.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_043 Provide a copy of KPCo's trial balances for 12/31/2014, 12/31/2015, 12/31/2016, 2/28/2016, 2/28/2017, and 6/30/2017. In addition, provide new monthly data as it becomes available throughout the course of this proceeding.

RESPONSE

Please refer to KPCO_R_AG_1_043_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_044 Accounting Manuals. Provide a complete copy of all of the Company's internal accounting manuals, directives, policies, and procedures.

RESPONSE

Please refer to KPCO_R_AG_1_44_Attachment1.pdf for the requested information. This document is voluminous and is being provided subject to the Company's motion for deviation.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_045 Provide a list of all internal audit reports for 2014, 2015, 2016, and 2017 to date, for departments and/or operations which charge costs to KPCo.

RESPONSE

Please refer to Attachment KPCO_R_AG_1_45_Attachment1.xslx for the requested information.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_046 Gross Revenue Conversion Factor (GRCF). Refer to Section V, Workpaper S-2. Show in detail how the KPSC Maintenance Fee percentage of 0.1941% was derived. Include all supporting calculations electronically in Excel and include all supporting workpapers and documentation.

RESPONSE

Please refer to KPCO_R_AG_1_046_Attachment1.pdf for the requested information.

Witness: Mark A. Pyle

DATA REQUEST

AG_1_047 Gross Revenue Conversion Factor (GRCF). Refer to Section V, Workpaper S-2. Why are state income taxes (including for some states that have higher state income tax rates than Kentucky) including Illinois (7.75%), Michigan (6.0%) and West Virginia (6.5%) being included?

RESPONSE

Illinois, Michigan and West Virginia state income tax returns are consolidated returns which are filed at the AEP level, not at the legal entity level. These states are included in the calculation of the Company's state income tax expense since the Company has nexus in those states as a result of having ownership of property or having specific sales or other activities within each of those states.

Witness: Mark A. Pyle

DATA REQUEST

AG_1_048 How much income tax from each of the foregoing states has the Company included in its requested revenue requirement of $60,397,438 from its supplemental filing SECTION V, SCHEDULE 2? Identify, quantify and explain each non-Kentucky state income tax amount that the Company is requesting and provide supporting workpapers.

RESPONSE

Please refer to KPCO_R_AG_1_048_Attachment1.xlsx. Also please refer to the Company's response to the Attorney General's data request AG 1-47.

Witness: Mark A. Pyle

DATA REQUEST

AG_1_049 Provide the monthly level of prepaid taxes by type of tax for 2014, 2015, 2016, 2017, and for the 12 months ending 2/28/2017.

RESPONSE

Kentucky Power Company makes prepayments for both Kentucky sales tax and Kentucky use tax. Please refer to KPCO_R_AG_1_049_Attachment1.pdf for sales tax and to KPCO_R_AG_1_049_Attachment2.pdf for use tax.

Witness: Mark A. Pyle

DATA REQUEST

AG_1_050 Provide the monthly level of Materials and Supplies in total and by type for 2014, 2015, 2016, 2017, and for the 12 months ending 2/28/2017.

RESPONSE

Please refer to KPCO_R_AG_1_050_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_051 Provide the monthly level of Contributions in Aid of Construction for 2014, 2015, 2016, 2017, and for the 12 months ending 2/28/2017.

RESPONSE

Please refer to KPCO_R_AG_1_51_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_052 Provide the monthly level of Customer Advances for 2014, 2015, 2016, 2017 and for the 12 months ending 2/28/2017.

RESPONSE

Please refer to KPCO_R_AG_1_52_Attachment1.xlsx.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_053 Provide the monthly level of Deferred Maintenance by component for 2014, 2015, 2016, 2017 (to date), and for the 12 months ending 2/28/2017.
a. Identify and explain each item of Deferred Maintenance, when it first arose, when amortization commenced, when amortization will be completed, why the maintenance was deferred, and commission authorization for each maintenance item that is being deferred.

RESPONSE

Per generally accepted accounting principles ("GAAP"), Kentucky Power Company expenses maintenance costs as incurred. If it becomes probable that the Company will recover specifically-incurred costs, such as storm costs as approved by the Kentucky Public Service Commission, through future rates, a regulatory asset is established to match the expensing of those maintenance costs with their recovery in cost-based regulated revenues.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_054 Provide the monthly level of Deferred Debits by component for 2014, 2015, 2016, 2017 (to date), and for the 12 months ending 2/28/2017.
a. Identify and explain each item of Deferred Debits, when it first arose, when amortization commenced, when amortization will be completed, why the cost was deferred, and commission authorization for each Deferred Debit item that is being requested for inclusion in rate base.

RESPONSE

Please refer to KPCO_R_AG_1_054_Attachment1.xls for the requested information. Only Account 190, Accumulated Deferred Income Taxes, is traditionally included in rate base. This is offset by Accounts 281, 282, and 283; Accumulated Deferred Income Taxes - Accelerated Amortization Property, Accumulated Deferred Income Taxes - Other Property, and Accumulated Deferred Income Taxes - Other, respectively.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_055 Provide the monthly level of Prepaid Pension for 2014, 2015, 2016, 2017 (to date), and for the 12 months ending 2/28/2017.

RESPONSE

In accordance with generally accepted accounting principles ("GAAP") under FAS 87, the cumulative difference between cash pension contributions to the trust fund and pension cost recorded on the Company's books is recorded as a prepaid pension asset for cash contributions that exceed pension cost or as an accrued pension liability for pension cost that exceeds cash contributions. During 2014 through 2017 the cumulative cash contributions always exceeded pension cost, so the difference throughout this period was always a prepaid pension asset. As such, the amount of accrued pension liability from 2014 through 2017 was always zero.

Please see KPCO_R_AG_1_55_Attachment1.xlsx for the monthly amount of prepaid pension asset for the requested period.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_056 Provide the monthly level of Accrued Pension for 2014, 2015, 2016, 2017 (to date), and for the 12 months ending 2/28/2017.

RESPONSE

Please see the Company's response to AG_1_055.

Witness: Tyler H. Ross

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DATA REQUEST

AG_1_057 Provide the monthly level of each Deferred Credit item on KPCo's balance sheet for 2014, 2015, 2016, 2017 (to date), and for the 12 months ending 2/28/2017.

RESPONSE

Please refer to KPCO_R_AG_1_57_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_058 Accumulated Deferred Income Taxes (ADIT).
a. Provide a detailed itemization of each item of ADIT, in total, as of 12/31/2014, 12/31/2015, 12/31/2016, and as of 2/29/2016 and 2/28/2017.
b. Provide the monthly level of ADIT, by timing difference item, for 2014, 2015, 2016, 2017, and for the 12 months ending 2/28/2017.
c. For each item, identify the book/tax-timing difference that causes the ADIT, explain when that temporary timing difference first arose, identify the amount of the timing difference as of each date, and describe in detail whether and how that particular timing difference relates to an item of utility rate base, utility revenue and/or utility expense, and how the related item has been reflected in the Company's filing for ratemaking purposes.

RESPONSE

a. Please refer to attachment KPCO_R_AG_1_58Attachment1.xlsx for a detailed itemization of each item of Accumulated Deferred Income Taxes ("ADIT") as of the requested dates.

b. This information 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.

c. ADFIT balances change from year-to-year based on the annual Schedule M adjustments that are made in the Federal income tax returns. Information regarding when amounts were included in book and in tax returns is not tracked and is not readily available. All ADIT with the exception of SFAS 109 ADIT was included in the Company's Application. Please refer to Section V Exhibit 5 Summary for items included in Cost of Service.

Witness: Mark A. Pyle

DATA REQUEST

AG_1_059 ADIT. Identify by amount and account, the corresponding regulatory asset/(liability) and/or other deferred debit/(credit) relating to each item that comprises the total ADIT of that KPCo has included in rate base. For each component of ADIT, provide the following information:
a. Description of each item of ADIT that comprises the total amount KPCo has reflected in rate base.
b. Balance sheet account in which KPCo recorded the ADIT.
c. Related deferred asset, deferred credit, or liability account for each component of ADIT.
d. Identification of whether and where the related deferred asset, deferred credit or liability account for each component of ADIT is included in KPCo's proposed rate base, and for each item, if not, a detailed explanation of why not.

RESPONSE

Please refer to the Company's response to AG 1-58. All ADIT items (excluding SFAS 109 ADIT) having balances as of February 28, 2017 were included in the Company's Application.

Witness: Mark A. Pyle

DATA REQUEST

AG_1_060 Provide the following monthly KPCo labor data, in total, for December 31, 2014 through June 30, 2017, showing annual totals:
a. Number of actual employees broken down between type (e.g. salaried, hourly, union, non-union, temporary, etc.).
b. Number of authorized employees broken down between type (e.g. salaried, hourly, union, non-union, temporary, etc.).
c. Regular payroll broken down between expensed, capitalized, and other.
d. Overtime payroll broken down between expensed, capitalized, and other.
e. Temporary payroll broken down between expensed, capitalized, and other; and
f. Other payroll (specify).

RESPONSE

a. Please refer to KPCO_R_AG_1_060_Attachment1.xlsx

b. The number of authorized or budgeted employees is not maintained by employee type. Furthermore, higher level management approval must be obtained prior to posting any position to be filled, including authorized and budgeted new or changed positions. Because of this additional management control, positions are not considered fully authorized until shortly before they are posted. As a result, the number of fully authorized positions differs from actual employee headcount only to the generally minor extent of the time it takes to fill fully authorized positions.

c. Please refer to KPCO_R_AG_1_060_Attachment2.xlsx for the requested information.

d. Please refer to KPCO_R_AG_1_060_Attachment2.xlsx for the requested information.

e. Kentucky Power did not have any temporary employees.

f. Please refer to KPCO_R_AG_1_060_Attachment3.xlsx for the requested information.

Witness: Tyler H. Ross
Andrew R. Carlin

DATA REQUEST

AG_1_061 Provide the following monthly AEPSC labor data, in total, for December 31, 2014 through June 30, 2017, showing annual totals:
a. Number of actual employees broken down between type (e.g. salaried, hourly, union, non-union, temporary, etc.).
b. Number of authorized employees broken down between type (e.g. salaried, hourly, union, non-union, temporary, etc.).
c. Regular payroll broken down between expensed, capitalized, and other.
d. Overtime payroll broken down between expensed, capitalized and other.
e. Temporary payroll broken down between expensed, capitalized and other; and
f. Other payroll (specify).

RESPONSE

a. Please refer to KPCO_R_AG_1_061_Attachment1.xlsx for the requested information.

b. The number of authorized or budgeted employees is not maintained by employee type. In addition, Company management must approve any position approval prior to posting any position to be filled, including authorized and budgeted new or changed positions. Because of this additional management control, positions are not considered fully authorized until shortly before they are posted. As a result, the number of fully authorized positions differs from actual employee headcount only to the generally minor extent of the time it takes to fill fully authorized positions.

c. d. f. See KPCO_R_AG_1_061_Attachment2.xlsx for the requested information.

e. Temporary payroll is included in parts c. and d.

Witness: Tyler H. Ross
Andrew R. Carlin

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DATA REQUEST

AG_1_062 Provide the actual number of KPCo employees for each month in 2014, 2015, 2017, and 2017 (to date).

RESPONSE

Please refer to KPCO_R_AG_1_062_Attachment1.xlsx for the requested information.

Witness: Andrew R. Carlin

DATA REQUEST

AG_1_063 Provide the actual number of AEPSC employees for each month in 2014, 2015, 2017, and 2017 (to date).

RESPONSE

Please refer to KPCO_R_AG_1_063_Attachment1.xlsx for the requested information.

Witness: Andrew R. Carlin

DATA REQUEST

AG_1_064 Provide the budgeted number of KPCo employees for each month in 2014, 2015, 2017, and 2017 (to date).

RESPONSE

Please refer to KPCO_R_AG_1_064_Attachment1.xlsx for the requested information.

Witness: Andrew R. Carlin

DATA REQUEST

AG_1_065 Provide the budgeted number of AEPSC employees for each month in 2014, 2015, 2017, and 2017 (to date).

RESPONSE

Please see the response to AG 1-064 (KPCO_R_AG_1_064_Attachment1.xlsx) which includes both Kentucky Power Company and AEPSC budget headcount.

Witness: Andrew R. Carlin

DATA REQUEST

AG_1_066 Provide a detailed explanation of all variations between actual and budgeted employee counts for 2014 through 2017.

RESPONSE

Variance between actual and budgeted employee counts are routinely due to turnover. The budget headcount assumes a full complement each month. However, it takes time to fill vacant positions and, thus, actual employee counts generally lag behind budgeted headcount. Furthermore, AEP requires higher level management approval to post all positions. This additional control results in additional time requirements for posting some budgeted positions and may result in other budgeted positions not being posted.

Specific to 2014 data, the Mitchell Plant employees were not budgeted to Kentucky Power Company, resulting in a variation. Refer to the Company's responses to AG 1-62 and AG 1-63, respectively, for the actual head counts for Kentucky Power Company and AEPSC. Refer to the Company's response to AG 1-64 for budgeted counts.

Witness: Andrew R. Carlin

DATA REQUEST

AG_1_067 Provide the wage rate increases granted by KPCo by date and employee category for 2013, 2014, 2015, 2016, and 2017.

RESPONSE

Please refer to KPCO_R_AG_1_067_Attachment1.xlsx for the requested information.

Witness: Andrew R. Carlin

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DATA REQUEST

AG_1_068 Provide the wage rate increases granted by AEPSC by date and employee category for 2013, 2014, 2015, 2016, and 2017.

RESPONSE

Please refer to KPCO_R_AG_1_068_Attachment1.xlsx for the requested information.

Witness: Andrew R. Carlin

DATA REQUEST

AG_1_069 Indicate if the employee positions used in the Company's labor calculations are authorized or actually filled positions. Identify, quantify, and explain all labor-related costs in KPCo's filing that is for positions that had not been filled as of February 28, 2017.

RESPONSE

The five employee positions being shown in adjustment W52 have been approved by Kentucky Power management. The current status of each of the positions are as follows;

Safety Coordinator - Line Crew Supervisor was promoted to this position on May 20, 2017, The Company is still in the process of backfilling for the Line Mechanic's position.

Dist. Line Inspector - Technician was promoted to this position on June 19, 2017, The Company backfilled the Technician position on July 1, 2017 with a Line Servicer. The Line Servicer position was then backfilled with a Line Mechanic A. on July 1, 2017. And then the Line Mechanic A was backfilled with a Line Mechanic C on July 15, 2017.

Dist Line Inspector - Line Crew Supervisor was promoted to this position on May 20, 2017. The Company backfilled the Line Crew Supervisor position with a Line Mechanic D effective 8/26/17.

Dist Line Inspedtor Adm. Assoc. - Position was filled effective 8/12/17.

Revenue Protection Adm. Assoc. - Company is still in process of filling this position.

None of the positions were filled as of February 28, 2017. Adjustment W52 showed all of the labor-related costsfor the new hire or backfilled position. The Company anticipated promoting employees for the safety coordinator and two distribution line inspectors. Please refer to KPCO_R_KPSC_1_73_Attachment28.pdf. for the estimated labor-related costs for these five employees.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_070 Provide a detailed list of responsibilities and duties that eligible incentive compensation employees must have or perform in addition to those necessary to meet the standards for base salary compensation in order to receive incentive compensation.

RESPONSE

All full-time and part-time employees are eligible for annual incentive compensation as part of their annual total compensation. Annual incentive targets are based on the salary grade level of each position. Employees in positions with higher grade levels are also eligible for long-term incentive compensation, the target value of which is also based on the grade level of their position. Each position is assigned to a salary grade based on market-competitive compensation for their position, not their specific day-to-day duties and responsibilities. While it is possible to assign salary grade levels to positions based on their responsibilities and duties, such point-factor based approaches increase compensation expense and/or turnover-related expense to the extent that they do not result in market competitive compensation. The Company does not use such a point-factor based approach to determine annual incentive compensation for specific positions. As such, there are no specific responsibilities and duties required for an individual employee to earn this component of their total compensation.

Individual employee annual incentive awards require that the employee performance must meet minimum acceptable standards in order to be eligible to earn this component of the employee's annual compensation, and are based on AEP, Kentucky Power Company, department and, for employees that are not in physical or craft positions, individual employee performance. Individual employee performance is assessed and incentive awards are recommended at the discretion and business judgment of each employee's manager. Incentive awards are then generally subject to department level calibration, to improve the consistency of pay for performance alignment, and are also subject to the approval of, or potential adjustment by, higher level management.

Witness: Andrew R. Carlin

DATA REQUEST

AG_1_071 Explain what adjustments, if any, were made to base salary compensation levels of eligible incentive compensation employees at the time any such incentive compensation plan(s) were initiated.

RESPONSE

The incentive compensation programs for Kentucky Power Company and AEPSC employees have been in place for more than 2 decades. The compensation practices of the Company, utility industry and U.S. industry in general have changed substantially over this time. Any comparison to employment and compensation practices more than two decades ago is irrelevant to what constitutes reasonable and market-competitive compensation during the time period applicable to the Company's Application.

For as far back as the Company's Human Resources department is aware, Kentucky Power and AEPSC have consistently sought to provide market competitive compensation. Consistent with this philosophy and practice, once incentive compensation became a significant portion of market competitive total compensation, as has been the case for quite some time, the Company's total compensation would fall behind market competitive compensation if the Company did not adjust its compensation programs accordingly. Providing incentive compensation, in lieu of additional base pay, is the preferable approach because it simultaneously provides market competitive compensation and encourages improvements in the efficiency, effectiveness and safety of the Company's operations, thereby resulting in benefits to both shareholders and customers.

The Company has continued to follow this philosophy and practice by periodically adjusting both the rate of base compensation changes and incentive compensation targets up and down to achieve a combination of the two (variable and fixed compensation) that falls within the market competitive range. The intervening decades since the Company's incentive compensation was implemented have seen the rate of change in market competitive compensation ebb and flow. Kentucky Power and AEPSC have consistently sought to respond to the changes in a manner that aligns total compensation with the market competitive range.

Witness: Andrew R. Carlin

DATA REQUEST

AG_1_072 Explain how the Company determines that the achievements of any incentive compensation goals are reached as a result of the incentive compensation plan, as opposed to other reasons. Provide all supporting empirical data.

RESPONSE

Because the Company's incentive compensation is a component of a market competitive total compensation package (see Carlin Direct Testimony pp, 23-24, lines 30-3) rather than a bonus on top of an already market competitive compensation package, it provides substantial benefits to customers by enabling the attraction, retention and motivation of suitably skilled, knowledgeable and experienced employees needed to efficiently and effectively provide electric service to customers. As such, the primary goal of incentive compensation is to provide market competitive compensation to employees, and the Company determines this goal is accomplished over time by confirming the compensation it offers employees is in fact market competitive. Any additional benefits incentive compensation provides by encouraging the achievement of specific incentive goals is a potentially substantial but secondary benefit. As such, determining whether incentive compensation produced the goal achievement is not of primary importance and is simply assessed, along with other aspects of the incentive compensation program, based on the business judgment of the Company.

All assessments of the incentive compensation program ultimately must consider the Company's primary goal: which is efficiently and effectively providing electric service to its customers. There is ample anecdotal evidence that tying incentive compensation to specific performance goals; such as safety, system reliability, and cost management; results in improved performance towards such goals if employees have the ability to effect the goal's achievement. This is shown by the fact that the goals over which employees have more control, such as completing specific projects and work plans, are achieved to a substantially higher degree that those that are largely uncontrollable, such as forced outages, which are often due to the failure of equipment before the expected end of its service life.

Please also refer to the Company's response to AG 1-024.

Witness: Andrew R. Carlin

DATA REQUEST

AG_1_073 Provide a description of KPCo's merit and cost of living wage rate increase policies.

RESPONSE

Please refer to the Company's response to AG_1_74 for a description of the Company's wage increase policies.

Witness: Andrew R. Carlin

DATA REQUEST

AG_1_074 Provide a description of AEPSC's merit and cost of living wage rate increase policies.

RESPONSE

AEPSC maintains a pay for performance approach. A merit pay program is used that differentiates employee salary increases based on management's assessment of each employee's job performance relative to the AEPSC's expectations for their position and the performance of other employees in their department. Managers are expected to differentiate merit increases for salaried employees to reflect differences in employee job performance. Job performance is periodically evaluated using formal performance assessments, informal performance coaching and other performance comparisons. Employee performance is measured relative to AEPSC's and the manager's expectations for a fully competent performer in each position. The length of time an employee has been in a position may enable employees to perform better in their position but is not, in and of itself, a measure of performance. Management determines merit increases for each salaried employee in their purview based on these assessments.

AEPSC targets average salaries to the midpoint of the assigned salary range for each job, although budget constraints and economic conditions are also considered and may result in salaries falling short of this target. AEPSC grades benchmark jobs to provide market median compensation that attracts and retains employees with the skills and experience needed to efficiently, effectively and safely serve its customers.

AEPSC also annually negotiates a general wage increase for its hourly employees with the labor unions that represent these employees based on the cost of labor for these types of positions. In the past, the same percentage increase has been provided to unrepresented hourly employees.

AEPSC does not provide cost of living adjustments.

The same practices are applicable to Kentucky Power Company.

Witness: Andrew R. Carlin

DATA REQUEST

AG_1_075 Does the Company anticipate reducing the number of employees, including any voluntary early retirement or other force reduction programs, during 2017, 2018, or 2019? If yes, state the timing and number of affected employees. Also state the projected costs and savings of any such plan.

RESPONSE

The Company currently does not anticipate employee reductions during this time period. Of course, the future is unpredictable and the Company must adapt to the environment it operates in, but, based on current conditions, the Company does not anticipate a need to reduce the number of employees, including any voluntary early retirement or other any employee reduction programs during 2017, 2018, or 2019.

Witness: Andrew R. Carlin

DATA REQUEST

AG_1_076 Does AEPSC anticipate reducing the number of employees, including any voluntary early retirement or other force reduction programs, during 2017, 2018, or 2019? If yes, state the timing and number of affected employees. Also state the projected costs and savings of any such plan.

RESPONSE

AEPSC currently does not anticipate employee reductions during this time period. Of course, the future is unpredictable and AEPSC must adapt to the environment it operates in, but, based on current conditions, AEPSC does not anticipate a need to reduce the number of employees, including any voluntary early retirement or other employee reduction programs during 2017, 2018, or 2019.

Witness: Andrew R. Carlin

DATA REQUEST

AG_1_077 Provide the staffing at the Big Sandy plant as of each of the following dates:
a. September 30, 2014
b. June 30, 2015
c. December 31, 2015
d. December 31, 2016
e. February 29, 2017
f. June 30, 2017

RESPONSE

The staffing at Big Sandy was:

a. September 30, 2014: 69

b. June 30, 2015: 47

c. December 31, 2015: 46

d. December 31, 2016: 37

e. February 29, 2017: 39 (on Feb 28, 2017)

f. June 30, 2017: 38

Witness: Debra L. Osborne

DATA REQUEST

AG_1_078 Payroll. Explain how the Company determines that its work force level is not excessive and provide all related supporting documentation.

RESPONSE

The Company must maintain a degree of employment stability in order to efficiently and effectively serve its customers, particularly in functions with long apprenticeships or experience needs. To better ensure that the Company and AEPSC can meet customer expectations, each business unit and major staff function regularly reviews and updates its workforce plan with support from AEPSC. To determine appropriate workforce levels, the Company reviews current workloads, work backlog, overtime hours (including non-compensated overtime for exempt employees in some departments), utilization of contract labor, and anticipated project staffing needs. In addition, near-term anticipated turnover in critical positions, diversity statistics, and long-term projected turnover rates are considered. Action plans (e.g. recruiting or training plans) are used to address special needs, such as changing workforce requirements.

Additionally, the Company and other AEP regulated operating companies compare the staffing levels and responsibilities of each of their various departments and functions amongst each other. These comparisons inform the Company with respect to staffing level and organization design best practices.

AEPSC also periodically considers external comparisons for its various functions to better ensure that the Company is allocating its resources efficiently and effectively and that it is utilizing best practices.

Witness: Andrew R. Carlin

DATA REQUEST

AG_1_079 Payroll. Provide complete calculations, documents, and supporting workpapers for the pro forma amount of payroll cost, by account, by position, that KPCo has reflected in its filing.

RESPONSE

Please refer to Section V, Exhibit 2, pages 32 through 40 for the workpapers supporting the Company's payroll adjustments (adjustments W31 through W39).

Please refer to KPCO_R_AG_1_079_Attachment1.xlsx for the requested information by account. The payroll cost adjustments were not calculated by position.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_080 Executive Compensation. Explain fully and in detail how KPCo and separately, AEPSC determine that the total compensation package for executives, and/or separate parts thereof, reasonably compare with the competitive markets for such executives. In addition, provide copies of all related surveys, analyses, studies, etc.

RESPONSE

For executive compensation, AEP utilizes several survey sources as outlined in Company Witness Carlin's testimony on page 16, and shown on Exhibit ARC-1. Additionally, AEP contracted with Meridian Compensation Partners, LLC to perform a market analysis study. Meridian utilized Towers Watson Executive Compensation Survey dada to assess competitiveness of AEP's current target total compensation opportunities compared to the market 50th percentile, with a few positions compared to the 25th or 75th percentiles as appropriate. Regression analysis was completed against AEP's defined peer group. Revenue scope was referenced to estimate market values that reflect differences in the scope of responsibility.

Please refer to the Company's responses to the Commission Staff data requests KPSC 1-61 and KPSC 1-67 for analyses and supporting surveys.

Witness: Andrew R. Carlin

DATA REQUEST

AG_1_081 Stock-Based Compensation.
a. List, by amount and account, all stock-based compensation expense charged to KPCo during the test year, including but not limited to executive stock options, performance share awards, accruals made pursuant to ASC 718 (formerly SFAS 123R) and any other stock-based compensation awards that resulted in cost being charged to KPCo during the test year.
b. Provide a description of each distinct stock-based compensation program that resulted in charges to KPCo during the test year.
c. List, by amount and account, all stock-based compensation expense in KPCo's cost of service for the rate effective period, including but not limited to executive stock options, performance share awards, accruals made pursuant to ASC 718 (formerly SFAS 123R) and any other stock-based compensation awards that were charged to KPCo during the rate effective period.
d. Provide a description of each distinct stock-based compensation program that is included in the charges to KPCo during the test year ended February 28, 2017.

RESPONSE

a. Please refer to KPCO_R_AG_1_081_Attachment1.xlsx for the requested information.

b. Two types of stock-based long-term incentive compensation were outstanding or granted during the test year: Performance Units and Restricted Stock Units (RSUs).

Performance Units Description

Performance Units are a type of variable long-term incentive compensation. They do not convey to employees any voting, dividend, or other rights associated with shares of AEP common stock, but they do accrue dividend credits that are generally equal to the value of dividends paid on shares of AEP common stock. Performance unit vesting, and therefore its entire value, is generally subject to the employee's continuous AEP employment through the vesting date. The value of each performance unit that employees may ultimately earn is based on the value of AEP common stock at the end of the performance and vesting period. The number of performance units that employees may ultimately earn is based on the performance score for two equally-weighted performance measures, which may range from 0% to 200%:

- Cumulative Earnings Per Share (EPS) measured relative to a Board approved target

- Total Shareholder Return (TSR) measured relative to a Board approved peer group

At the end of the performance period participants receive either a cash or stock payment (depending on the year) equal to the number of vested performance units (if any), including dividend credits, multiplied by the overall performance Score and multiplied by the average closing price of AEP common stock for the last 20 trading days of the Performance Period.

RSUs Description

RSUs are a type of long-term compensation denominated in AEP Common Stock. Recipients receive a share of AEP Common Stock for each RSU that vests or, for certain RSU awards that vest to Section 16 Officers, they recieve cash. Vesting generally occurs in equal thirds on or within a few months after each of the first three anniversaries of the grant date, subject to the recipient's continued AEP employment through the vesting date. The recipient is then free to hold the shares of AEP Common Stock they receive or sell them at a time of their choosing.

RSUs have no voting rights and are not entitled to receive any dividend declared on AEP common stock. However, RSUs are entitled to additional RSUs ("Dividend Equivalent RSUs") of an equal value to dividends paid on AEP common stock.

Unlike Performance Units, which are subject to a 0% to 200% multiplier based upon achievement performance goals, RSUs are not linked to any performance measures.

Please refer to KPCO_R_KIUC_1_30_Attachment_1.pdf for additional long-term incentive plan information.

c. Please also refer to KPCO_R_AG_1_081_Attachment1.xlsx for the requested information.

d. Please see the response to AG 1-081 b. above.

Witness: Tyler H. Ross
Andrew R. Carlin

DATA REQUEST

AG_1_082 Stock-Based Compensation.

a. List, by amount and account, all AEPSC stock-based compensation expense charged to KPCo during the test year, including but not limited to executive stock options, performance share awards, accruals made pursuant to ASC 718 (formerly SFAS 123R) and any other stock-based compensation awards that resulted in cost being charged or allocated to KPCo during the test year.

b. Provide a description of each distinct AEPSC stock-based compensation program that resulted in charges or allocations to KPCo during the test year.

c. List, by amount and account, all stock-based compensation expense in AEPSC's cost of service for the rate effective period, including but not limited to executive stock options, performance share awards, accruals made pursuant to ASC 718 (formerly SFAS 123R) and any other stock-based compensation awards that were charged or allocated to KPCo during the rate effective period.

d. Provide a description of each distinct AEPSC stock-based compensation program that is included in the charges or allocations to KPCo during the test year ended February 28, 2017.

RESPONSE

a. Please see the Company's response to KIUC_1_031 and refer to KPCO_R_KIUC_1_031_Attachment2.xls for the requested AEPSC stock-based compensation (long-term incentives) billed to Kentucky Power during the test year.

b. Please see the response to AG_1_081.

c. Please see the Company's response to KIUC_1_031 and refer to KPCO_R_KIUC_1_031_Attachment2.xls for the requested AEPSC stock-based compensation (long-term incentives) billed to Kentucky Power during the rate effective year. Since AEPSC billings to Kentucky Power are considered to be billings for outside services, the Company did not make any test year cost of service adjustments.

d. Please see the response to AG_1_081.

Witness: Tyler H. Ross
Andrew R. Carlin

DATA REQUEST

AG_1_083

Supplemental Executive Retirement Program (SERP).
a. Provide the level of SERP expense, by account, included in the Company's cost of service for the test year.
b. Provide the level of SERP expense, by account, included in the Company's cost of service for the rate effective period.
c. Provide the comparable SERP expense for each calendar year, 2014, 2015, 2016, and 2017.
d. Provide the most recent three actuarial reports for SERP.
e. Provide all actuarial studies, reports and estimates used for SERP for the rate effective period.
f. If different for AEPSC SERP costs charged or allocated to KPCo, also answer parts a-e above for AEPSC SERP costs.

RESPONSE

a. The SERP net expense recorded to account 9260037 for the test year is $3,409.

b. The SERP net expense recorded to account 9260037 for the rate effective period is $6,273.

c. The comparable SERP net expense for 2014, 2015, 2016 and 2017 is $153, $2,055, $2,835, and $6,267 (estimated), respectively.

d. Please see attachments KPCO_R_AG_1_83_Attachment1.pdf, KPCO_R_AG_1_83_Attachment2.pdf, and KPCO_R_AG_1_83_Attachment3.pdf for the 2015, 2016, and 2017 Willis Towers Watson Actuarial reports.

e. Please see attachment KPCO_R_AG_1_83_Attachment3.pdf for the 2017 Willis Towers Watson Actuarial report.

f. - for part a. discussed above - Refer to KPCO_R_AG_1_83_Attachment4.xls for the AEPSC SERP net expenses billed to Kentucky Power for the test year.

f. - for part b. discussed above - Since AEPSC billings to Kentucky Power are considered to be billings for outside services, the Company did not make any test year cost of service adjustments. For AEPSC SERP expenses billed to Kentucky Power for the test year, refer to KPCO_R_AG_1_83_Attachment4.xls.

f. - for part c. discussed above - The AEPSC SERP net expenses billed to Kentucky Power for the years 2014, 2015, 2016, and 2017 are $108,044, $114,274, $93,246, and $99,961 (estimated), respectively.

f. - for part d. discussed above - Please see attachments KPCO_R_AG_1_83_Attachment1.pdf, KPCO_R_AG_1_83_Attachment2.pdf, and KPCO_R_AG_1_83_Attachment3.pdf for the 2015, 2016, and 2017 Willis Towers Watson Actuarial reports.

f. - for part e. discussed above - Please see attachment KPCO_R_AG_1_83_Attachment3.pdf for the 2017 Willis Towers Watson Actuarial report.

Witness: Tyler H. Ross
Andrew R. Carlin

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

DATA REQUEST

AG_1_084 Defined Benefit Plan pension expense. Provide:
a. the level of Defined Benefit Plan pension expense, by account, included in the Company's cost of service for the test year.
b. the comparable Defined Benefit Pension Plan expense for each year, 2014, 2015, 2016, 2017 (to date), and for the 12 months ending 2/28/2017.
c. the most recent three actuarial reports for Defined Benefit Pension Plan.
d. all actuarial studies, reports and estimates used for Defined Benefit Pension Plan for the test year.

RESPONSE

a. The Kentucky jurisdictional net Qualified Pension expense recorded in account 9260003 included in the Company's cost of service for the test year is $1,733,323.

b. The comparable Kentucky jurisdictional net Qualified Pension expense for 2014, 2015, 2016 and 2017 (July YTD) is $2,912,070, $2,140,470, $1,508,973, and $939,441, respectively. The Kentucky jurisdictional net Qualified Pension expense for 12 months ended February 28, 2017 is $1,671,651.

c. Please see attachments KPCO_R_AG_1_84_Attachment1.pdf, KPCO_R_AG_1_84_Attachment2.pdf, and KPCO_R_AG_1_84_Attachment3.pdf for the 2015, 2016, and 2017 Willis Towers Watson Actuarial Reports.

d. Please see attachments KPCO_R_AG_1_84_Attachment2.pdf and KPCO_R_AG_1_84_Attachment4.xls for the 2016 actuarial report and 2017 estimated expense, respectively.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_085

Other Post Employment Benefits (OPEB) expense. Provide:
a. the level of OPEB expense, by account, included in the Company's cost of service for the test year.
b. the level of OPEB expense, by account, included in the Company's cost of service for the rate effective period.
c. the comparable OPEB expense for each year, 2014, 2015, 2016, 2017 (to date), and for the 12 months ending 2/28/2017.
d. the most recent three actuarial reports for OPEB.
e. all actuarial studies, reports and estimates used for OPEB for the test year.

RESPONSE

a. The Kentucky jurisdictional net OPEB expense (benefit) recorded in accounts 9260021 and 9260060 for the test year is ($1,755,862) and $152,484, respectively, for the actuarially-determined expense and other miscellaneous administrative fees.

In 2010, the passage of the various health care legislation resulted in the Medicare Part D (Med-D) subsidy becoming a taxable benefit for employers. On January 1, 2013, AEP transitioned from a Med-D subsidy to an Employee Group Waiver Plan (EGWP). As a result of this transition, the deferred tax asset related to the OPEB liability was reduced to the nondeductible portion. AEP recorded a regulatory asset for this reduced deferred tax asset which is being recovered over a period of 12 years starting in 2013. For the test year, $216,620 was recorded in account 9260060.

b. The Kentucky jurisdictional net OPEB expense recorded to account 9260021 for the rate effective year is ($1,586,749). The Kentucky juridictional net Med-D amortization recorded in Account 9260060 is $152,484.

c. The comparable Kentucky jurisdictional net OPEB expense (benefit) for 2014, 2015, 2016 and 2017 (July YTD) is ($1,928,683), ($2,103,322), ($1,579,990) and ($838,427), respectively. See the response to a. above for the comparable OPEB expense for the 12 months ending 2/28/2017.

d. Please see KPCO_R_AG_1_85_Attachment1.pdf, KPCO_R_AG_1_85_Attachment2.pdf, and KPCO_R_AG_1_85_Attachment3.pdf for the 2015, 2016, and 2017 Willis Towers Watson Actuarial reports, respectively.

e. Please see KPCO_R_AG_1_85_Attachment2.pdf for the 2016 actuarial report and KPCO_R_AG_1_85_Attachment4.xls for the 2017 estimated expense supporting the test year.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_086 Provide the following for each employee position during the test year and each month subsequent to the test year through June 30, 2017, that experienced a change of incumbent:
a. Position title;
b. Employee replaced;
c. Annual salary of replaced employee;
d. Replacement employee;
e. Annual salary of replacement employee; and
f. Date of replacement

RESPONSE

Please refer to KPCO_R_AG_1_086_Attachment1_Redacted.xlsx for this information.

Witness: Andrew R. Carlin

DATA REQUEST

AG_1_087 Provide a description of each employee benefit program or plan.
a. Also show the related test year cost.
b. Provide this information for:
i. KPCo employees;
ii. AEPSC employees that had charged or allocated cost to KPCo during the test year.

RESPONSE

For a description of benefit programs or plans, please see Exhibit ARC-10 to the testimony of Company Witness Carlin.

a. See the response to b. below.

b. i. Refer to KPCO_R_AG_1_087_Attachment1.xls for the related test year costs for Kentucky Power employees.

b. ii. Refer to KPCO_R_AG_1_087_Attachment2.xls for the AEPSC employee benefit expenses billed to Kentucky Power for the test year. Additionally, the attachment reflects the share of the costs that Kentucky Power billed to the co-owner of Mitchell Plant.

As AEPSC incurs actual fringe benefits costs during the year, these costs are deferred on AEPSC's balance sheet. In order to charge for the full cost of an employee, a fringe benefit rate is applied to labor costs, which are billed to the AEP subsidiaries based upon the underlying labor transaction. AEPSC's total benefit expense is billed during the calendar year, but not necessarily in the same month that the original expense was incurred. All employees complete timesheets and charge allowable FERC accounts (including CWIP and other appropriate FERC accounts) based upon the job function being performed. The billings for the fringe benefit rate applied to labor offset the deferral of actual AEPSC fringe benefit costs. These base labor costs and fringe benefit costs are then billed to the AEP subsidiary benefitting from the service.

Witness: Tyler H. Ross
Curt D. Cooper
Andrew R. Carlin

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

DATA REQUEST

AG_1_088 Concerning worker's compensation expense:
a. Provide the most current workers' compensation premiums and related invoices.
b. Show in detail how the current workers' compensation premiums and/or invoices were used to derive KPCo's requested amount of workers' compensation cost.
c. Reconcile the amount of KPCo's requested amount of workers' compensation cost to the most current invoices. Identify, quantify, and explain all differences.

RESPONSE

a. Please see attachment KPCO_R_AG_1_88_Attachment1_Redacted.pdf regarding workers' compensation premiums and related invoices.

b. As a self-insured entity, the Company premiums are a small portion of the workers' compensation charges. Workers Compensation costs are made up of premiums, administrative charges, state assessments, claims expenses and reserve changes.

- Premiums are charged as a company and then allocated to Kentucky Power Company by a payroll allocation. Please see attachment KPCO_R_AG_1_88_Attachment2_Redacted.xls for premium allocations.
- Administrative charges are allocated by taking these charges and allotting them by cost of claims paid.
- State assessments are based upon payroll.
- Claims expenses are charged back to the Company and specific business unit ("GLBU") for which the employee worked.
- Reserves are assigned to each claim and allocated by the Company and specific business unit (GLBU) for which the employee worked.

c. Workers' Compensation is tracked through accounting and accounted for under the 925006 accounts as costs are incurred. The expenses listed in part (b) above are then adjusted to the general ledger by accounting. Most of the costs are based upon the Company's self-insured liability and therefore would not be covered by a premium. The only premium costs related to workers' compensation expense are those of excess insurance as reported in attachment KPCO_R_AG_1_88_Attachment1_Redacted.pdf. Please refer to the Company's response to section a. above.

Witness: Curt D. Cooper

DATA REQUEST

AG_1_089 Concerning health care cost:
a. Provide the most current health care premiums and related invoices.
b. Show in detail how the current health care premiums and/or invoices were used to derive KPCo's requested amount of health care cost.
c. Reconcile the amount of KPCo's requested amount of health care cost to the most current invoices. Identify, quantify, and explain all differences.

RESPONSE

a. The AEP Medical Plan is self-insured, and therefore there are no health care premiums and related invoices paid to insurance companies for this coverage. The Company is financially responsible for paying all claims incurred under the health care plan.

b. N/A

c. N/A

Witness: Curt D. Cooper

DATA REQUEST

AG_1_090 Provide the basis for the Company's cost of each separate employee benefit (e.g., flat rate per employee, percentage of payroll, claims experience, etc.), and provide the most current known cost rate for each separate benefit.

RESPONSE

The basis and cost rate method for the Company's cost of employee benefits is as follows:

1. Pension plan: the Company's cost of this benefit is based on the anticipated costs of providing payments to employees as specified under the plan. The entire cost for this plan is paid by the Company, and is an actuarially determined amount based on the anticipated costs of providing benefits as specified under the plan.

2. Savings plan: the Company's cost for this benefit is based on the cumulative company match provided to all employees based on their individual payroll deferrals into the plan.

3. Medical plan: For the Company's medical plan, annually the Company has a third party actuary project the anticipated total medical costs that will be incurred for the coming year based on the design of the plan and past claims experience. This total amount is then divided by the number of covered employees to derive an appropriate per employee amount, and then employees pay a portion of this amount through payroll deduction with the Company covering the remainder through monthly contributions to a medical benefits trust.

4. Dental plan: For the Company's dental plan, annually the Company has a third party actuary project the anticipated total dental costs that will be incurred for the coming year based on the design of the plan and past claims experience. This total amount is then divided by the number of covered employees to derive an appropriate per employee amount, and then employees pay approximately 40% of this amount through payroll deduction with the Company covering the remainder through monthly contributions to a dental benefits trust.

5. LTD plan: For Company's LTD plan the entire cost of providing future projected LTD benefits is covered by the Company through annual actuarially determined contributions made to the LTD benefits trust.

6. Life insurance plan: For Company's fully insured life insurance plan, the Company provides for the basic benefits (2x salary) by paying a premium to the life insurance company providing coverage under the plan. The premium is based on the overall volume of coverage provided.

7. OPEB: the Company's cost of this benefit is based on the projected costs of providing retiree medical and life insurance benefits. This cost is determined actuarially.

Witness: Curt D. Cooper

DATA REQUEST

AG_1_091 Provide the monthly level of each separate benefit cost broken down between expensed, capitalized and other for 2014, 2015, 2016, and 2017 (to date) and for the 12 months ended 2/28/2017 with annual totals.

RESPONSE

Please refer to KPCO_R_AG_1_091_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_092 Provide the level of accumulated pension plan funding at December 31, 2016 and December 31, 2017 and explain how such amounts are treated for ratemaking purposes, and why.

RESPONSE

Accumulated pension plan funds include both cash contributions plus investment earnings. The Company's accumulated pension fund assets at December 31, 2016 were $174,047,156. The 2017 Accumulated Pension plan fund assets will not be measured until the markets close on December 31, 2017. These fair market value amounts are used under FAS 158 to mark-to-market the balance sheet only (but not the income statement) to the net funded position. The FAS 158 adjustment has no effect on cash investments nor on the cost of service, so this non-cash accrual adjustment has no effect for ratemaking purposes.

The cumulative amount of cash pension contributions beyond the cumulative amount of pension cost recorded on the Company's books is recorded as a prepaid pension asset. These additional contributions create investment earnings which significantly reduce the amount of pension cost included in cost of service. The prepaid pension asset should be included in rate base so that the Company has the opportunity to recover its cost of funds on this prudent investment in utility operations.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_093 Provide the level of country club dues incurred in the test year by account and indicate how they have been treated for ratemaking purposes.
a. Also, show amounts of AEPSC costs charged to KPCo.

RESPONSE

Please refer to Section V, Exhibit 2, Workpaper 40 of the Company's Application. There were no country club dues billed from AEPSC to Kentucky Power included in cost of service for the test year.

Witness: Stephen L. Sharp

DATA REQUEST

AG_1_094 Provide the level of lobbying included in cost of service by separate payee, along with a description of each payee. In addition, indicate how lobbying expense has been treated for ratemaking purposes.
a. Also, show amounts of AEPSC costs charged to KPCo.
b. If KPCo is a member of EEI, identify what portion of KPCo's dues go toward EEI's lobbying activities, if any.

RESPONSE

a. Please refer to KPSC 1-33.

b. Approximately 13% of Kentucky Power's EEI dues go towards lobbying activities. These amounts are booked in Account 426 and are not included in the Company's cost of service.

Witness: Matthew J. Satterwhite

DATA REQUEST

AG_1_095 Provide the requested level of self-funded reserve accruals and balances for all types of injuries, claims, and damages by type of item.

RESPONSE

Please refer to the Company's response for AG_1_096.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_096 Does KPCo have any self-funded reserves? If so, provide the following monthly data for each separate type of self-funded reserve for injuries, claims and damages in 2014, 2015, 2016, 2017 (to date), by account, and provide the level reflected in revenue requirement and explain how such amounts have been treated for ratemaking purposes. Also, provide new monthly data as it becomes available through the course of this proceeding.

a. Accruals;
b. Actual claims; and
c. Balance

RESPONSE

Yes. Please refer to KPCO_R_AG_1_096_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

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DATA REQUEST

AG_1_097 Identify the amounts included in cost of service during the test year for the following items:
a. Membership dues in service, social and professional organizations (identify);
b. Lobbying expenses;
c. Charitable contributions;
d. Investor relations expenses; and
e. Public relations expense, including an explanation of the nature and purpose of the activities
f. AEP Executive Compensation
g. AEP Service Company Executive Compensation
h. AEP owned and leased aircraft costs

RESPONSE

a-e. No expenses for the identified activities were included in the Company's cost of service.

f and g. The Company assumes subpart (f) and (g) are asking for the same request. Please see Company response to KPSC 2-86 (KPCO_R_KPSC_2_086_Attachment1.xls) for the amount of AEP Service Corporation Executive Compensation (for executive officers of AEPSC as defined in Section 16 of the Securities and Exchange Act) included in cost of service during the test year (net of billings to Wheeling Power Company for Mitchell Plant).

h. Please see KPCO_R_KPSC_2_55_Attachment1.xls for the requested information. The information in the attachment shows the Pre-Allocated cost during the test year, as accounting does not break out how much each specific flight will be allocated to Kentucky Power. Of the Pre-Allocated cost, $400,750 is allocated to Kentucky Power as described in the Company's response to AG 1-153 and KPCO_R_AG_1_153_Attachment1.xls.

Witness: Stephen L. Sharp

DATA REQUEST

AG_1_098

Rate Case Expense.
a. Identify the test year, filing date and rate effective date for the Company's last five rate cases.
b. Provide the level of rate case expense incurred for the last five rate cases broken down by payee or type of activity.
c. Indicate which cases were settled and which were litigated. For the settled cases, also indicate at which stage they were settled (e.g., after KPCo rebuttal, before hearings, etc.).
d. Explain fully and in detail why the Company normalized rate case expense over the period it is proposing versus some other period.

RESPONSE

a-c. Please refer to KPCO_R_AG_1_98_Attachment1.xls for the requested information.

d. The Company has not proposed to normalize rate case expenses. Instead, the Company is proposing to amortize its rate case expense over a three year period. The Company is proposing a three year amortization because it represents a reasonable period of time to spread the recovery of these costs over and is consistent with past practice for amortizing rate case expenses.

Witness: Amy J. Elliott

DATA REQUEST

AG_1_099 Provide, in list form, the details of all judgments and/or settlements resulting from suits brought which involved the Company, its parent (American Electric Power Company, Inc.), its affiliated service company (American Electric Power Service Company), or any other affiliates that charge cost to KPCo, as a defendant in 2016 or 2017, which resulted in the payment during agreement to pay or being ordered to pay an amount in excess of $10,000, including but not limited to:
a. The case name;
b. The date filed;
c. The date of settlement or the date of judgment; and
d. The amount the Company was ordered or agreed to pay
e. Provide this information even if appeals are pending and note every instance of an appeal.

RESPONSE

The Company objects to this data request to the extent it seeks confidential attorney-client privileged communications or documents protected by the attorney work product doctrine. The Company further objects to the extent the request is unduly burdensome, overly broad, and not reasonably calculated to lead to the discovery of admissible evidence in these proceedings. Without waiving these objections, the Company states as follows:

Please refer to KPCO_R_AG_1_099_Attachment1_Redacted.pdf for the requested information.

Witness: Ranie K. Wohnhas

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DATA REQUEST

AG_1_100 Outside Services Expense. Provide:
a. an itemization of outside services expense in excess of $20,000 for 2014, 2015, 2016, and for the 12 months ending 2/28/2017. Indicate in what accounts the amounts are recorded.
b. the amounts of outside services expense for 2014, 2015, 2016, and for the 12 months ending 2/28/2017. Indicate in what accounts the amounts are recorded.
c. the amounts of budgeted outside services expense for 2017, 2018 and 2019. Indicate in what accounts the amounts would be recorded when incurred for the budgeted/forecast items.

RESPONSE

a. Please refer to KPCO_R_AG_1_100_Attachment1.xls, KPCO_R_AG_1_100_Attachment2.xls, KPCO_R_AG_1_100_Attachment3.xls, and KPCO_R_AG_1_100_Attachment4.xls for the requested information.

b. Please refer to KPCO_R_AG_1_100_Attachment5.xls and KPCO_R_AG_1_100_Attachment6.xls for the requested information.

c. Please refer to KPCO_R_AG_1_100_Attachment7.xlsx for the requested information.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_101 Provide the test year, and if different, the most recent actual property tax assessments, rates, and property tax payment amounts and payment dates.

RESPONSE

Please refer to KPCo_R_AG_1_101_Attachment1.pdf, KPCo_R_AG_1_101_Attachment2.pdf, KPCo_R_AG_1_101_Attachment3.pdf, KPCo_R_AG_1_101_Attachment4.pdf, KPCo_R_AG_1_101_Attachment5.pdf, and KPCo_R_AG_1_101_Attachment6.xlsx, for the requested information.

Witness: Mark A. Pyle

DATA REQUEST

AG_1_102 Uncollectibles. Provide the following annual data related to uncollectible accounts for 2014, 2015, 2016, 2017 (to date), and for the 12 months ending 2/28/2017:

a. Bad debt expense;
b. Bad debt write-offs;
c. Collections of written-off accounts;
d. Billed revenues

RESPONSE

Please refer to KPCO_R_AG_1_102_Attachment 1.xlsx for the requested information for part a related to electric utility customers.

Please refer to KPCO_R_AG_1_102_Attachment 2.xlsx for the requested information for parts b-d related to electric utility customers.

Please refer to KPCO_R_AG_1_102_Attachment 3.xlsx for the requested information for parts a-d related to non-electric miscellaneous receivables.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_103 Uncollectibles. Provide the net charge-off percentage for uncollectibles for 2014, 2015, 2016, 2017 (to date), and for the 12 months ending 2/28/2017. Explain any material variations in the percentage between years.

RESPONSE

Please refer to the Company's response to AG_1_102 for the requested net charge-off percentages.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_104 Filing Information. As the Company discovers errors in its filing, identify such errors and provide documentation to support any changes. Update this response as additional information becomes available.

RESPONSE

Please refer to the Company's response to KPSC 2-77.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_105 Precedent. Are there any aspects of the Company's accounting adjustments and revenue requirement claim which represents a conscious deviation from the principles and policies established in prior Commission Orders? If so:
a. Identify each area of deviation, and for each deviation, explain the Company's perception of the principle established in the prior Commission Orders.
b. Explain how the Company's proposed treatment in this rate case deviates from the principles established in the prior Commission Orders.
c. Explain the dollar impact resulting from such deviation. Show which accounts are affected and the dollar impact on each account for each such deviation.

RESPONSE

a-c. It is the Company's understanding that the Commission premises its orders on the applicable law and the record in the case before it. Kentucky Power's application, including the testimony of its witnesses and other filings, is not inconsistent with the applicable law and provides a sufficient evidentiary basis for the Commission to grant the relief sought.

Witness: Ranie K. Wohnhas

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DATA REQUEST

AG_1_106 Injuries and Damages. State the amount of injuries and damages expense for 2014, 2015, 2016, 2017 (to date), and for the 12 months ending 2/28/2017.

RESPONSE

Injuries and damages expense is recorded in account 925. Please refer to KPCO_R_AG_1_106_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_107 Insurance Expense. Itemize each component of insurance expense included in the test year, and provide comparative information for calendar years 2014 through 2016 and for 2017 (to date). Indicate the accounts and amounts in which each item of insurance is recorded.

RESPONSE

Insurance expense is recorded in account 924. Please refer to KPCO_R_AG_1_107_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_108 Legal Expense. Itemize the amount of non-rate case legal expense, by account, for the test year. For each distinct item over $20,000, show payee, amount, account, and indicate what services were performed and what the subject matter of the services was.

RESPONSE

For the test year, Kentucky Power did not incur any single legal bills in excess of $20,000.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_109 Are any one time or non-recurring expenses included in the test year? If so, provide the dollar amount, account and a brief description of the expense.

RESPONSE

There were no significant non-recurring or one-time expenses in the test year.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_110 Pension Expense. Reconcile:
a. the amount of pension expense in the test year to the most recent actuarial reports concerning the determination of the net periodic benefit cost for each pension plan in which KPCo employees participate. Identify, quantify, and explain each reconciling item.
b. the amount of pension expense in the test year to the most recent actuarial reports concerning the determination of the net periodic benefit cost for each pension plan in which AEPSC employees charging cost to KPCo participate. Identify, quantify, and explain each reconciling item.

RESPONSE

a. Please see attachment KPCO_R_AG_1_110_Attachment1.xlsx for the requested information.

b. Please see attachment KPCO_R_AG_1_110_Attachment2.xlsx for the requested information.

Witness: Tyler H. Ross

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DATA REQUEST

AG_1_111 OPEB Expense. Reconcile:
a. the amount of OPEB expense in the test year to the most recent actuarial reports concerning the determination of the net periodic benefit cost for each Postretirement Benefit Plan in which KPCo employees participate. Identify, quantify, and explain each reconciling item.
b. the amount of OPEB expense in the test year to the most recent actuarial reports concerning the determination of the net periodic benefit cost for each Postretirement Benefit Plan in which AEPSC employees charging cost to KPCo participate. Identify, quantify, and explain each reconciling item.

RESPONSE

a. Please see attachment KPCO_R_AG_1_111_Attachment1.xlsx for the requested information.

b. Please see attachment KPCO_R_AG_1_111_Attachment2.xlsx for the requested information.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_112 Is KPCo using outside service providers for any services that the AEP Service Company is capable of providing? If so, explain why and identify the specific services, their cost by account, and how they were accounted for in the test year ending 2/28/17.

RESPONSE

American Electric Power Service Corporation supplies engineering, financing, accounting, and planning and advisory services to Kentucky Power Company and other American Electric Power Company, Inc. operating companies. At times there is a need to supplement the services performed by AEPSC. See the Company's response to KPSC-1-31 and KPSC 2-83.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_113 Does KPCo or its affiliates including AEPSC have any information concerning how KPCo's expenses in total or on a per customer basis compare with other American Electric Power Company electric utility subsidiaries? If not, explain fully why not. If so, provide all such information for 2015 and 2016 that KPCo and its affiliates have.

RESPONSE

Kentucky Power objects to this request to the extent it seeks information regarding entities not providing utility service in the Commonwealth and not subject to the jurisdiction of the Commission as beyond the scope of this proceeding and as irrelevant and not reasonably calculated to lead.to the discovery of admissible evidence. Without waiving these objections, the Company states that the requested information is not available. Differences, including service territories, terrain, generation mix, state regulatory regimes and mandates, and customer mix among the operating companies renders such comparisons of no probative value to Kentucky Power.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_114 Provide consolidating accounting information for American Electric Power for 2014, 2015, 2016, and through June 30, 2017. Show the amounts for each subsidiary by account and all eliminations and adjustments in the consolidation.

RESPONSE

For 2017, please refer to KPCO_R_AG_1_114_Attachment1.xls and KPCO_R_AG_1_114_Attachment2.xls

For 2016, please refer to KPCO_R_AG_1_114_Attachment3.xls and KPCO_R_AG_1_114_Attachment4.xls

For 2015 please refer to KPCO_R_AG_1_114_Attachment5.xls and KPCO_R_AG_1_114_Attachment6.xls

For 2014 please refer to KPCO_R_AG_1_114_Attachment7.xls and KPCO_R_AG_1_114_Attachment8.xls

Witness: Tyler H. Ross

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DATA REQUEST

AG_1_115 Provide the consolidation pages and schedules for the AEP consolidated federal income tax returns for tax years 2011 through 2015.

RESPONSE

This information is voluminous and confidential. These returns will be made available for inspection during regular business hours at the offices of American Electric Power in Columbus, Ohio, by arrangement. The 2016 tax return has not yet been completed.

Witness: Mark A. Pyle

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DATA REQUEST

AG_1_116 For each KPCo and American Electric Power pension plan for 2014, 2015, 2016, and 2017, provide a list of the pension plan investments by category or type of investment, and provide the earned return for each investment category for 2014, 2015, 2016, and 2017, and in total.

RESPONSE

Please see KPCO_R_AG_1_116_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_117 Explain fully and in detail whether and why KPCo is requesting CWIP in rate base in the current rate case.

RESPONSE

Kentucky Power included CWIP. The request is consistent with Company practice since at least the early 1980s. CWIP eliminates regulatory lag and decreases regulatory uncertainty. CWIP reduces the overall amount needed to finance a project, thus reducing total project costs eventually included in cost of service rates.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_118 Provide an itemization of each project that is included in KPCo's test year request for inclusion of CWIP in rate base.

RESPONSE

Please refer to KPCO_R_AG_1_118_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_119 Show in detail how the CWIP included by KPCo in the test year was financed.

RESPONSE

The Company uses a combination of debt and equity to finance CWIP investments.

Witness: Ranie K. Wohnhas

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DATA REQUEST

AG_1_120 Provide the details of KPCo's AFUDC rates for each year, 2014, 2015, 2016, and 2017 (to date), and for the 12 months ending 2/28/2017.

RESPONSE

Please refer to KPCO_R_AG_1_120_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_121 Provide a complete description of KPCo's procedures for accruing AFUDC including how KPCo identifies which construction projects accrue AFUDC.

RESPONSE

Please refer to KPCO_R_AG_1_121_Attachment1.pdf for the requested information.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_122 Provide a detailed breakout of the AEPSC costs included in the KPCo filing, including complete details on the costs included for each AEPSC department and function that has charged or allocated cost to KPCo.

RESPONSE

Please refer to KPCO_R_AG_1_122 Attchment1.xls.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_123 Affiliate management fee charges.
a. Provide the information that underlies the KPCo expenses for affiliate service company cost allocations;
b. Provide similar information as of each of the following dates: (i) 12/31/2014; (ii) 12/31/2015; (iii) 12/31/2016; (iv) the test year ended 2/28/2017; and (v) 6/30/2017.

RESPONSE

a. - b. - Please see KPCO_R_AG_1_123_Attachment1.xls for the AEPSC expense billings to Kentucky Power by benefitting location and allocation factor. This information represents total AEPSC expense services provided to Kentucky Power for calendar years 2014, 2015, 2016, the twelve months ended for test year ended February 28, 2017 and for the twelve months ended June 30, 2017.

All AEPSC transactions are accounted for through a work order system. Expenditures for support services are accumulated in work orders and are billed to the company benefiting from the service. Each work order designates the company or companies to be billed and the method of allocation to share costs among the companies. Accounting within each work order is in accordance with the FERC Uniform System of Accounts. This helps facilitate both a clearer understanding of the specific service provided and the recording of these charges on the benefiting companies' books.

The costs for services benefiting only one company are directly assigned and are billed 100% to that company. AEPSC employees directly assign costs on time and expense reports to the maximum extent practicable. Certain costs, however, are incurred to perform services that benefit more than one company. When this occurs, the costs for these services are allocated to the benefiting companies using one of the active AEPSC allocation factors. The allocation factor for any given cost is selected for use because it best reflects the cost driver associated with the service provided. Services are billed by AEPSC at cost.

The allocation factors used to bill Kentucky Power and AEPSC's other utility affiliates for services performed by AEPSC are based upon formulae that consider factors such as number of customers, number of employees, number of transmission pole miles, number of invoices, and other factors as shown in section 99-00-04 of the Cost Allocation Manual provided in Section II of this application. The data upon which these formulae are based is updated monthly, quarterly, semi-annually or annually, depending on the particular factor and its volatility.

A volume-driven formula is used in all cases where the cost driver is volume based and the data is available. For example, in allocating costs for processing accounts payable, the number of vendor invoice payments is used; and for the overall management of the customer call centers, AEPSC uses the number of customer calls received.

If a work order does not have a direct volume-based cost driver, the most representative factor for the service provided is used. For example, for administering the employee benefit plans, number of employees is used; for managing and dispatching the transmission system, number of transmission pole miles is used. The allocation factors are designed to ensure that the charges are in proportion to the benefits received by the benefiting companies.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_124 Provide the American Electric Power Service Company results by function, preferably in Excel, and show the charges from each function to KPCo, for the following periods:
a. 2015;
b. 2016;
c. 12 months ending 2/28/2017; and
d. 12 months ending 6/30/2017.

RESPONSE

a. See KPCO_R_AG_1_124_Attachment1.xls for the total AEPSC expense billings by function for the 12 months ended December 2015 and the portion of the AEPSC expense billings that were billed to Kentucky Power.

b. See KPCO_R_AG_1_124_Attachment2.xls for the total AEPSC expense billings by function for the 12 months ended December 2016 and the portion of the AEPSC expense billings that were billed to Kentucky Power.

c. See KPCO_R_AG_1_124_Attachment3.xls for the total AEPSC expense billings by function for the 12 months ended February 28, 2017 and the portion of the AEPSC expense billings that were billed to Kentucky Power.

d. See KPCO_R_AG_1_124_Attachment4.xls for the total AEPSC expense billings by function for the 12 months ended June 30, 2017 and the portion of the AEPSC expense billings that were billed to Kentucky Power.

Witness: Tyler H. Ross

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DATA REQUEST

AG_1_125 Meter replacements. Provide:
a. The dollar amount and quantity of meters, by type, (i) in service and (ii) replaced as of December 31 for each of the past five years through December 31, 2016.
b. The dollar amount and quantity of meters, by type, for each month of 2016 and 2017 through 6/30/2017.

RESPONSE

a. Please refer to KPCO_R_AG_1_125a_Attachment1.xlsx for the requested information.

b. Please refer to KPCO_R_AG_1_125a_Attachment1.xlsx for the requested information.

Witness: Everett G. Phillips

DATA REQUEST

AG_1_126 Provide a copy of the Company's meter change-out program.

RESPONSE

Please refer to KPCO_R_AG_1_126_Attachment1.pdf, for the requested information.

Witness: Everett G. Phillips

DATA REQUEST

AG_1_127 Has the Company included any rate case expense or non-cash items (e.g., depreciation expense, common equity, etc.) in its request for cash working capital? If so, identify (i) all rate case expense and (ii) any and all non-cash expenses included in KPCo's cash working capital calculations.

RESPONSE

The Company includes 1/8 of O&M expense in its calculation of cash working capital based on the FERC functional accounts but excludes depreciation and amortization. Total Company rate case expenses are included in these accounts and therefore are part of the 1/8 O&M cash working capital calculation. This calculation is reflected in the Company's application Section V Exhibit I, Schedule 4, Line 413 and Line 434. To the extent that a non-cash expense (e.g. an accrued expense not yet paid) has been recorded to the functional accounts they have not been identified separately.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_128 Has the Company included any rate case expense in rate base? If so, explain fully why and identify by amount and account.

RESPONSE

Yes, the Company included 1/3 of its estimated rate case expenses for the current rate case in its rate base. Please refer to Section V, Exhibit 2, W19 for the calculation.

Witness: Amy J. Elliott

DATA REQUEST

AG_1_129 Does the Company's request for rate case expense include any amounts related to past cases? If not, explain fully why not. If so, identify the amount, and identify and explain the basis for including expense for past cases.

RESPONSE

The Company's request does not include any amounts related to past cases. The Company did not defer for future recovery any rate case expenses from the Company's last case.

Witness: Amy J. Elliott

DATA REQUEST

AG_1_130 Identify each type of revenue based tax and revenue based assessment that was paid during the test year. Also, provide the related returns, and the amount and date of each such payment, and identification as to which type of revenue-based tax each such payment was for.

RESPONSE

Please refer to KPCO_R_AG_1_130_Attachment1.pdf for the Kentucky Public Service Commission Assessment Fee and to KPCO_R_AG_1_130_Attachment2.pdf for the Ohio Commercial Activities Tax.

Witness: Mark A. Pyle

DATA REQUEST

AG_1_131 Has the Company included any plant or land in rate base for which the Company has not received permits to begin construction? If so, identify the amounts by account.

RESPONSE

No. The Company has not included any plant in rate base for which it has not received a permit to begin construction.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_132 Pension Trust Fund Assets. Provide the following:
a. The overall expected rate of return used for pension assets;
b. The expected rates of return for alternative assets classes (long-term bonds, common stock) used in determining the overall expected rate of return used for pension assets; and
c. Copies of all documentation used in determining the expected rates of return for alternative assets classes (long-term bonds, common stock).

RESPONSE

a. & b. Please see KPCO_R_AG_1_132_Attachment1.xlsx.

b. Please see the "Expected Return Sources" tab in KPCO_R_AG_1_132_Attachment1.xlsx.

Witness: Curt D. Cooper

DATA REQUEST

AG_1_133 133. Show in detail how KPCo has reflected the inclusion of net negative salvage in accumulated depreciation (a rate base reduction).

RESPONSE

Negative net salvage included in depreciation rates increases the depreciation rates and also increases accumulated depreciation. At February 28, 2017 negative net salvage included in accumulated depreciation was approximately $17.4 million.

Witness: Jason A. Cash

DATA REQUEST

AG_1_134 Provide a list of the items included in the increase to rate base since the last KPCo rate case. In both cases, show the applicable accounts and amounts.

RESPONSE

The requested analysis and calculation do not exist. Please refer to KPCO_R_AG_1_134_Attachment1.pdf lines 37-47 of Section V, Schedule 4 of the Company's application in its most recent previously filed rate case (Case No. 2014-00396). The requested analysis and calculations may be made by comparing KPCO_R_AG_1_134_Attachment1.pdf and Section V Schedule 4 lines 37-47 of this filing.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_135 Identify and explain all new or upgraded software and systems costing over $20,000 per year for KPCo since the last KPCo rate case, including software and systems charged to KPCo from AEPSC or other affiliates. For each new software and system:
a. Provide all costs and expenses associated with the software since inception. Include both capital costs associated with this software and as well as any O&M expenses. Include a description of each cost or expense.
b. For the costs and expenses shown in part a., indicate how much of each cost and expense was charged to KPCo.
c. Were any prudence reviews conducted prior to purchasing the software? If yes, provide those reviews. If not, explain why not.
d. Provide any cost-benefit studies conducted prior to purchasing such software.

RESPONSE

Please refer to KPCO_R_AG_1_135_Attachment1.xlsx for a summary of capitalized software charges from AEPSC billed to Kentucky Power for the years 2015, 2016, and 2017 (through July 2017) that exceeded $20,000 per year.

a. Please refer to KPCO_R_AG_1_135_Attachment1.xlsx for the life to date (2007-2017) charges for capitalized software for the AEPSC projects that exceeded $20,000 billed to Kentucky Power for each year from 2015-2017 (through July 2017).

Please refer to KPCO_R_AG_1_135_Attachment2.xlsx for the life to date (2007-2017) charges for capitalized software by cost category for the AEPSC projects that exceeded $20,000 billed to Kentucky Power for each year from 2015-2017 (through July 2017).

Please refer to KPCO_R_AG_1_135_Attachment3.xlsx for the O&M expense by FERC account related to the AEPSC capitalized software projects that exceeded $20,000 billed to Kentucky Power for each year from 2015-2017 (through July 2017).

b. Please see attachments in part a, which include the costs billed to Kentucky Power.

c. Yes, prudence reviews are conducted prior to the purchase of software. The Company's IT procurement policy is attached as KPCO_R_AG_1_135_Attachment4.pdf.

d. Due to the voluminous nature of the associated documents, the Company will make these documents available for inspection during regular business hours at the offices of American Electric Power in Columbus, Ohio, by arrangement.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_136 Provide a copy of the KPCo and AEP Board of Directors minutes for 2014, 2015, 2016, and 2017 (to date).

RESPONSE

Please refer to KPCO_R_AG_1_136_Attachment1.pdf for the requested Kentucky Power Company Board of Directors meeting minutes.

The Company objects to this request as seeking irrelevant information not reasonably calculated to lead to the discovery of admissible evidence to the extent that it seeks information outside the scope of this proceeding, including information concerning entities not party to this proceeding.

Without waiving that objection, and because American Electric Power Company, Inc. is a non-regulated entity, the Company will make available for inspection at its offices in Frankfort, Kentucky, subject to confidential treatment under the applicable confidentiality rules and non-disclosure agreements in this case, the requested American Electric Power Company, Inc. Board of Directors meeting minutes, with information not related to the Company's application redacted.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_137 Provide all AEP board meeting minutes and presentations, and AEP board committee meeting minutes and presentations, from January 2013 through the present concerning Rockport.

RESPONSE

The Company objects to this request as seeking irrelevant information not reasonably calculated to lead to the discovery of admissible evidence to the extent that it seeks information outside the scope of this proceeding, including information concerning entities not party to this proceeding.

Without waiving that objection, and because American Electric Power Company, Inc. is a non-regulated entity, the Company will make available for inspection at its offices in Frankfort, Kentucky, subject to confidential treatment under the applicable confidentiality rules and non-disclosure agreements in this case, the requested American Electric Power Company, Inc. Board of Directors meeting minutes, with information not related to the Company's application redacted. Please also refer to the Company's responses to AG 1-136 and AG 1-138.

Witness: Matthew J. Satterwhite

DATA REQUEST

AG_1_138 Identify each KPCo and AEP Board committee. Provide a copy of the KPCo and AEP Board committee meeting minutes for 2014, 2015, 2016, and 2017 (to date).

RESPONSE

Kentucky Power Company does not have individual board committees. American Electric Power Company, Inc. has seven Board of Directors Committees: Audit, Directors and Corporate Governance, Policy, Executive, Finance, Human Resources, and Nuclear Oversight. More information about these Committees is available on the 2017 AEP Proxy Statement which, is a publicly-available document. Please refer to https://www.aep.com/investors/FinancialFilingsAndReports/AnnualReportsProxies/docs/16annrep/2017ProxyStatement.pdf

The Company objects to this request as seeking irrelevant information not reasonably calculated to lead the discovery of admissible evidence to the extent that it seeks information outside the scope of this proceeding, including information concerning entities not party to this proceeding. Without waiving that objection, and because American Electric Power Company, Inc. is a non-regulated entity, the Company will make available for inspection at its offices in Frankfort, Kentucky, subject to confidential treatment under the applicable confidentiality rules and non-disclosure agreements in this case, the requested AEP Board of Directors Committee meeting minutes, with information not related to the Company's Application redacted.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_139 List all procedures the Company follows to ensure that there was a proper assignment of costs to the test year and that the test year only includes charges incurred during the test period.

RESPONSE

The Company and American Electric Power Service Corporation personnel, in addition to relying on Kentucky Power's accounting procedures, which are designed to assign expenses accurately, reviewed the assignment of expenses. In addition, potential test year adjustments, including adjustments for out of period items, were identified and reviewed. The Company also added a peer review of all testimony, adjustments, and cost of service development to confirm the proper assignment of expenses to the test year.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_140 Provide a copy of each adjusting entry proposed by the Company's independent Auditors in the two most recent audits of the Company, the parent company, and the affiliated service company. Include supporting documentation.

RESPONSE

The requested copies of each adjusting entry for Kentucky Power, AEP Parent, and AEP Service Corporation that were proposed by Kentucky Power's independent auditors are the property of Deloitte and Touche LLP (Deloitte) and not Kentucky Power, AEP Parent or AEPSC and are part of an exclusive auditor/client relationship. Kentucky Power has no ability to produce the requested information. Subject to certain conditions mandated by Deloitte, Deloitte may make the requested workpapers available for review at their office in Columbus, Ohio.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_141 Provide a copy of KPCo's and AEP's two most recent management letters and recommendations received from the Company's independent auditors.

RESPONSE

Deloitte and Touche LLP's (Deloitte) two most recently issued communications of accounting issues to those charged with governance of both AEP Consolidated and Kentucky Power for the years ended December 31, 2016 and 2015, respectively, are the property of Deloitte and are part of an exclusive auditor/client relationship. Kentucky Power has no ability to produce the requested information. Subject to certain conditions mandated by Deloitte, Deloitte may make the requested communications available for review at their office in Columbus, Ohio.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_142 Provide a copy of KPCo's most recent management and operations audit.

RESPONSE

Please refer to KPCO_R_AG_1_142_Attachment 1.pdf for the requested information.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_143 Have there been any independent audits or any state regulatory commission- sponsored reviews, by either the Kentucky Commission or any other utility regulatory Commission in states having jurisdiction over an AEP operating company of AEPSC in 2014, 2015, 2016, or 2017? If so, identify each such review and provide a copy of the related reports and testimony.

RESPONSE

Kentucky Power objects to so much of this request that seeks that production of "independent audits or any state regulatory commission-sponsored reviews [] by … any other utility regulatory Commission in states having jurisdiction over an AEP operating company of AEPSC in …."

There are no "AEP operating company[ies] of AEPSC." To the extent the data request seeks information regarding AEP operating companies, such operating companies do not provide Commission-regulated utility service in the Commonwealth and are not subject to the jurisdiction of the Commission. Moreover, such operating companies are subject to different statutes, regulations, and regulatory precedent than Kentucky Power. As such, the requested information is irrelevant and not reasonably calculated to lead to the discovery of admissible evidence.

During the indicated years, the Public Service Commission of Kentucky conducted the following reviews of Kentucky Power or its operations:

Fuel Adjustment Clause

2017-00001

2016-00230

2016-00001

2015-00232

2014-00450

2014-00225

Environmental Surcharge

2017-00072

2016-00336

2016-00109

2015-00280

2015-00113

2014-00322

2014-00052

Demand-Side Management

2016-00281

2015-00271

2015-00189

2014-00271

2014-00178

Commission Investigation

2017-00097

2016-00073

The Commission's orders and any testimony may be accessed at http://psc.ky.gov/PSC_WebNet/ViewCaseFolders.aspx under the indicated case numbers.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_144 If applicable, list the expense associated with the most recent management audit. If the Company is amortizing the expense, list the amount of base and test period expense, the unamortized amount at December 31, 2014, 2015, 2016, and 2017 and state when the amortization will end.

RESPONSE

Not applicable. Kentucky Power's last management audit was in 2002. No expenses from that audit are included in the Company's current cost of service.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_145 List each proposed pro forma entry which was considered in this filing but not made and state the reason(s) why the entry was not made.

RESPONSE

All considered pro forma adjustments were filed.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_146 Provide for each month from December 2014 to the present, the following information:
a. Monthly revenues
b. Accounts receivable
c. Allowance for Doubtful Accounts
d. Accounts receivable (aging and amounts) net of uncollectibles.

RESPONSE

See KPCO_R_AG_1_146_Attachment1.xlsx for the revenues and accounts receivable related to electric customers.

See KPCO_R_AG_1_146_Attachment2.xlsx for the monthly revenues, accounts receivable and allowance for doubtful accounts related to non-electric misc receivables.

Kentucky Power Company factors its electric accounts receivable and therefore, the Company does not have allowance for doubtful accounts or an accounts receivable aging for electric customers.

See KPCO_R_AG_1_146_Attachment3.pdf for the monthly accounts receivable aging related to non-electric misc receivables.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_147 Customer Advances.
a. What is the ratemaking treatment for customer advances proposed by the Company in its filing? Where is such proposal found in the filing?
b. Provide the monthly level of customer advances for the period December 2014 thru June 2017 and also provide monthly updates when available.
c. Provide the monthly interest expense paid by the Company on customer advances for the same period.

RESPONSE

a. The Company includes customer advances as a reduction to rate base as shown on Section V, Schedule 4, line 240.

b. Please refer to KPCO_R_AG_1_147_Attachment1.xls.

c. There is no interest paid on customer advances.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_148 Customer Deposits.
a. What ratemaking treatment for customer deposits is the Company proposing? Where is such proposal found in the filing?
b. Provide the monthly level of customer deposits for the period December 2014 thru June 2017.
c. Provide the monthly interest expense paid by the Company on customer deposits for the same period

RESPONSE

a. The Company included an adjusted amount of interest expense on customer deposits in the cost of service. Please refer to Witness Sharp Testimony pages 32-33 and Section V, Exhibit 2, Workpaper 16 for information regarding the adjustment and the amount included in the cost of service.

b and c. Please refer to KPCO_R_AG_1_148_Attachment1.xlsx for the monthly level of customer deposits for the period December 2014 thru June 2017 and the monthly interest expense paid by the Company on customer deposits for the same period.

Witness: Tyler H. Ross
Stephen L. Sharp

DATA REQUEST

AG_1_149 Customer Deposits.
a. What is the interest rate on customer deposits?
b. Identify the tariff or statute that establishes the interest rate.
c. Does the Company accrue interest on inactive customer deposits?
d. How often is interest on customer deposits paid?
e. Is interest on customer deposits paid by check, in the form of a bill credit, or credited as an addition to the customer deposit balance?
f. What is the Company's policy on customer deposits for collection, refund, and use as an offset against an uncollectible balance?
g. Provide a copy of the Company's policy(ies) relating to customer deposits.

RESPONSE

a. The current interest on customer deposits, effective January 1, 2017, is 0.66%.

b. KRS 278.460.

c. No.

d. Interest on customer's deposits is paid annually.

e. Interest is applied as a credit to the Customer's bill.

f-g. Kentucky Power' follows the requirements of 807 KAR 5:006, Section 8.

Witness: Tyler H. Ross
Stephen L. Sharp

DATA REQUEST

AG_1_150 Provide an analysis (description, dates and amounts) of any gains or losses on utility property sold during 2014, 2015, 2016, and by month through June 30, 2017. Also, explain how such amounts have been treated for ratemaking purposes.

RESPONSE

Please refer to KPCO_R_AG_1_150_Attachment1.xls for the requested information.

These amounts are not included in the cost of service for ratemaking purposes.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_151 For 2015, 2016 and 2017 (to date), has the Company sold any property which had formerly been included in Plant Held for Future Use or devoted to utility service? If so, for each sale:
a. describe the property sold;
b. state whether, when and in what manner it had been included in rate base;
c. show the details of how the gain or loss was calculated;
d. indicate when the sale occurred;
e. explain how and whether the Company is amortizing such gain or loss; and
f. show how such amortization was computed.

RESPONSE

a.-f. In December 2016, Kentucky Power Company (KPCO) sold 739 acres of land in Lewis County, Kentucky to a third party for $2,219,031. The land sold by KPCO was part of a larger tract that was purchased in 1982 and recorded in Account 105, Electric Plant Held For Future Use. KPCO had originally purchased the land with the intention of constructing an electric generating facility on the site. KPCO never constructed a generating facility at the site and as a result, the land was never placed in-service.

The original cost of the 739 acres sold was $1,102,777 and after selling expenses of $119,585, KPCO realized a gain of $996,669 (selling price of $2,219,031 minus the original cost of $1,102,777 minus the selling expenses of $119,585). The gain was recorded in account 411.6, Gains from Disposition of Utility Plant. The gain is not being amortized.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_152 The following questions are related to the Company's policies regarding accounting for CWIP, plant in service and depreciation:
a. For each item of CWIP which the Company has transferred into utility plant in service for purposes of this filing, has a full 12 months of depreciation expense been included in the cost of service?
b. For each item of CWIP which the company has transferred into utility plant in service for the purposes of this filing, has an amount representing a full 12 months of depreciation expense been added to the total accumulated depreciation by which rate base is reduced?
c. Provide the same information as requested in subsection b. above for the deferred taxes related to the depreciation timing differences.

RESPONSE

a. Yes. The Company made adjustments to annualize depreciation expense using plant in service balances as of February 28, 2017. Please see Section V, Exhibit 2, pages 43, 44 and 45 for these adjustments.

b. No. The Company utilized rate base amounts as of the end of the test year on February 28, 2017. Therefore, accumulated depreciation was not adjusted.

c. Accumulated deferred income tax balances as of February 28, 2017 have been included in rate base including balances related to CWIP.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_153 List all revenue, expense and rate base amounts by account included in the test year relating to any Company or affiliate-owned or leased air¬port, airplane and helicopter facilities, if applicable.

RESPONSE

Please see KPCO_R_AG_1_153_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_154 Provide flight logs for all affiliate owned or leased aircraft for 2016 and 2017 (to date)

RESPONSE

See attachment KPCO_R_AG_1_154_Attachment1.xls for the information requested.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_155 Identify how much of the Company's materials and supplies balance at December 31, 2014, December 31, 2015, December 31, 2016, and through February 28, 2017 is related to construction activities.

RESPONSE

Please refer to KPCO_R_AG_1_155_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_156 Provide a copy of the parent company's corporate federal tax returns and supporting "M" schedules and all consolidating schedules for tax years 2010 through 2015. Provide the same for tax year 2016 when it becomes available.

RESPONSE

Please refer to the Company's response to AG1-115.

Witness: Mark A. Pyle

DATA REQUEST

AG_1_157 Provide workpapers detailing the calculation of each statutory addition and deduction used in arriving at taxable income in the above calculation, as well as the calculations provided in the filing. Also provide a narrative explanation of the effect of each statutory addition and deduction on tax and/or book income, and the Internal Revenue Code Section or Treasury Regulation calling for the adjustment.

RESPONSE

Please refer to the Company's response to AG1-115.

Witness: Mark A. Pyle

DATA REQUEST

AG_1_158 For tax years 2010 through 2015, provide a copy of the parent company and KPCo's Kentucky Corporate Income Tax Return and all other Kentucky Tax Returns. If separate returns were not prepared, provide the detailed worksheets that were used to prepare the consolidated return. Provide the same for tax year 2016 when it becomes available.

RESPONSE

Please refer to the Company's response to AG1-115.

Witness: Mark A. Pyle

DATA REQUEST

AG_1_159 Provide the following information regarding deferred income taxes:
a. Calculation of all timing differences reflected in DFIT; show book amount and tax amount; indicate when amounts were included in book and in tax returns;
b. Tax rate applied to each timing difference;
c. Calculation of actual DFIT;
d. If different, reconcile book amount per cost of service and book amount in DFIT calculation. Identify and quantify all reconciling items.
e. For each year 2014 through 2016 the gross and net additions to deferred taxes. Break down such additions within each year by sub-account, providing the number and name for each account and sub-account. For each item by year, reconcile the gross to net additions and explain how that reconciliation was derived.
f. For 2017 (to date) provide information requested in (e) above for each month.

RESPONSE

a. ADFIT balances change from year-to-year based on the annual Schedule M adjustments that are made in the Federal income tax returns. Information regarding when amounts were included in book and in tax returns is not tracked and is not readily available.

b. Generally, all ADFIT items are recorded at the statutory Federal income tax rate of 35% except for certain protected depreciation related book/tax differences.

c. See Section V, Exhibit 3 (Tax Schedules) of the filing.

d. See Section V, Exhibit 3 (Tax Schedules) of the filing.

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

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

Witness: Mark A. Pyle

DATA REQUEST

AG_1_160 Impact of bonus tax depreciation. State whether the Company has or will claim 50 bonus tax depreciation on its federal or state tax return for tax years 2015, 2016 and 2017 and if so, list the KPCo 2015, 2016, and 2017 plant additions by account and amount that have or are expected to qualify for bonus tax depreciation.

a. Also, show the estimated impact on test year ADIT from 2015, 2016, and 2017 bonus tax depreciation.

b. If not included in its filing, specify the expected test year jurisdictional revenue requirement impact of including bonus tax depreciation allowance in the Company's overall cost of service for qualified property placed into service by February 28, 2018.

c. If not included in its filing, specify the expected test year jurisdictional revenue requirement impact of including bonus tax depreciation allowance in the Company's overall cost of service for qualified property for all property being placed into service after February 28, 2018 that the Company has included in the determination of its requested revenue requirement.

d. The adjustments referenced in part b., above should allow for a complete assessment of the revenue requirement impact of inclusion of 2015, 2016 and 2017 bonus tax depreciation in the overall cost-of-service on plant added in those years that the Company has included in the derivation of its requested revenue requirement. As part of this response, include all electronic workpapers with formulas intact used in the derivation of the bonus tax depreciation impact.

RESPONSE

a. Bonus tax depreciation has been claimed by the Company for 2015 and will be claimed for the 2016 and 2017 tax years. ADIT related to bonus tax depreciation has been reflected in the ADIT balances. The Company has not calculated a tax depreciation amount assuming no bonus tax depreciation. Please refer to KPCO_R_AG_1_160_Attachment1.xlsx for bonus eligible plant additions by year.

b. This calculation has not been prepared. Bonus tax depreciation would not impact jurisdictional cost of service since the Schedule M related to bonus tax depreciation would be fully normalized. In other words, the current tax benefit would be offset by the deferred tax expense.

c. See the response to part b. above.

d. See the response to part a. above.

Witness: Mark A. Pyle

DATA REQUEST

AG_1_161 Does KPCo's filed rate base reflect impacts from 2017 bonus tax depreciation?
a. If not, explain why not.
b. If so, identify the amounts and shown how they were calculated.

RESPONSE

a. The filing reflects the impact of 2017 bonus tax depreciation thru February 28, 2017.

b. Please refer to the Company's response to AG 1-160.

Witness: Mark A. Pyle

DATA REQUEST

AG_1_162 List the name and business function of all Company subsidiaries and affiliates and separately list those which are included in this case, and which charged cost to KPCo during 2014, 2015, 2016, and the test year.

RESPONSE

Please refer to KPCO_R_AG_1_162_Attachment1.xlsx for the requested information.

Please refer to Section II, Exhibits U and V for costs directly charged and allocated to Kentucky Power by AEPSC and other affiliates during 2014, 2015, 2016 and the test year ended February 28, 2017.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_163 Provide the following amounts for 2014, 2015, 2016, and for the 12 months ending 2/28/2017:
a. Income tax expense, current, deferred, deferred-credit, investment tax credit deferred and investment tax credit amortized from prior years. Identify by Uniform System Account number.
b. Identify and explain the book-timing accounting difference giving rise to each charge.
c. Divide federal and state amounts.
d. Cite the order or ruling on which the Company bases rate treatment of these benefits (normalized or flow-through). Note rate treatment (normalized or flow-through).
e. State the accumulated total for each as it appears on the test year balance sheets. Identify by Uniform System Account Number.
f. State the rate base treatment of each item (e.g. deducted from rate base, cost-free capital, treated as equity, etc.).
g. Cite the order or ruling on which the Company bases treatment identified in f.

RESPONSE

a. Please refer to KPCO_R_AG_1_163_Attachment1.xlsx.

b. Please refer to the Company's response to AG 1-58.

c. Please refer to KPCO_R_AG_1_163_Attachment1.xlsx.

d. Please refer to Section V Exhibit 5 Summary for normalized vs. flow-thru treatment of Schedule M's which is consistent with Commission precedent in previous Kentucky Power Company rate cases. Any new Schedule M's since the last rate case have been normalized.

e. Please refer to the Company's response to AG 1-58.

f. Please refer to the Company's response to AG 1-58.

g. Please refer to the Company's response to AG 1-58.

Witness: Mark A. Pyle

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

DATA REQUEST

AG_1_164 Provide a detailed derivation of 2014, 2015, 2016, and 2017 (to date) research and development credit-qualifying costs, including a list of all research, development and experimentation expenditures, and for each item provide separately:

a. The amounts payable to inside and outside contractors;
b. The amount payable in the test year;
c. The total expenditures to be expensed in determining federal taxable income; and
d. The total expenditures qualifying for the R & E credit under I.R.C. paragraph 44f.

RESPONSE

The Company has not had any research and development credit-qualifying costs for the years 2014 thru 2017 (to date).

Witness: Mark A. Pyle

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

DATA REQUEST

AG_1_165 Identify all net operating loss carrybacks and carryforwards for AEP and for KPCo for each tax year 2014 through 2016 which have impacted KPCo's ADIT amounts.

RESPONSE

There were none.

Witness: Mark A. Pyle

DATA REQUEST

AG_1_166 Provide detailed descriptions of any IRS audit, settlements with the Internal Revenue Service, or audit adjustments made during the three years ending December 31, 2016 and for 2017 (to date).

RESPONSE

American Electric Power Company, Inc. or its subsidiaries have not settled any IRS audits nor made any audit adjustments during the three years ending December 31, 2016 and for 2017 (to date). The IRS is currently examining tax years 2011-2013.

Witness: Mark A. Pyle

DATA REQUEST

AG_1_167 Provide a copy of any and all revenue ruling requests, IRS responses, and correspondence between the Company and the IRS during the ten years ending December 31, 2016 and for 2017 (to date).

RESPONSE

Please refer to KPCO_R_AG_1_167_Attachment1_Redacted.pdf. American Electric Power Company, Inc. received a Private Letter Ruling (PLR-135960-13) on January 17, 2014 related to AEP's Corporate Separation, which included Kentucky Power Company. This is the only Private Letter Ruling that Kentucky Power Company was involved in during the ten years ending December 31, 2016 and for 2017 (to date). This letter contains confidential information and will be provided subject to the Company's Motion for protective treatment and the applicable confidentiality rules and non-disclosure agreements in this case**.**

Witness: Mark A. Pyle

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

DATA REQUEST

AG_1_168 List total property taxes and property tax refunds or abatements each year, for the test year and the most recent three years for which actual information is available. Describe and show the accounting treatment accorded to each item, showing journal entries, dates, accounts, amounts, and descriptions.

RESPONSE

For the requested information relating to property taxes, please see KPCO_R_AG_1_168_Attachment1.xlsx.

For the requested information relating to refunds, please see KPCO_R_AG_1_168_Attachment2.xlsx.

The Company did not receive any tax abatements during the requested period.

Witness: Amy J. Elliott

DATA REQUEST

AG_1_169 List all amounts of property taxes under dispute at February 28, 2017, and indicate the tax year and the taxing district to which each relates.

RESPONSE

There were no property taxes under dispute at February 28, 2017.

Witness: Amy J. Elliott

DATA REQUEST

AG_1_170 List all property tax refunds, by geographical area and taxing authority, by year, received in the most recent three years through 2016 and for 2017 to date.

RESPONSE

Please see the Company's response to AG 1-168, specifically KPCo_R_AG_1_168_Attachment2.xlsx.

Witness: Amy J. Elliott

DATA REQUEST

AG_1_171 Explain and provide all workpapers and source documents supporting the derivation of the taxable bases for Kentucky income and property taxes for the test year ended 2/28/2017.

RESPONSE

Please refer to KPCo_R_AG_1_171_Attachment1.pdf for the requested property tax information related to the Company's West Virginia 2016 assessment, along with the state's workpapers. Please refer to KPCo_R_AG_1_171_Attachment2.pdf for the requested property tax information related to the Company's Kentucky assessment for 2016. Please refer to KPCo_R_AG_1_171_Attachment3.pdf for the requested property tax information related to the Company's Kentucky 2016 assessment calculations, as performed by the Kentucky Department of Revenue. There are not yet any 2017 assessments.

For income tax information, see Section V of the Application, Exhibit 3.

Witness: Mark A. Pyle

DATA REQUEST

AG_1_172 Provide full supporting documentation, workpapers and correspondence associated with refunds of any and all taxes other than income taxes received in 2017 and the years 2011 through 2016. Indicate which accounts were affected and the associated dollar amounts. Also describe how the Company intends to treat this item for rate case purposes.

RESPONSE

Please refer to KPCO_R_AG_1_172_Attachment1.pdf related to the refund of over-payment of interest related to Kentucky audit assessment in the amount of $399.61.

Please refer to KPCO_R_AG_1_172_Attachment2.pdf related to the refund of $33,891.27 for Kentucky Utility Gross Receipts License Tax resulting from a tax credit given to a customer after the customer presented an energy direct pay permit effective 07/01/2013. The tax was refunded to the customer via a credit on the customer's electric bill and the Company filed an amended tax return to receive the refund of tax from the Kentucky Department of Revenue.

Please refer to KPCO_R_AG_1_172_Attachment3.pdf related to Ohio Commercial Activity Tax Refunds that were received in 2013, 2016, and 2017. The refunds were the result of amended returns filed for the periods of 4th quarter 2008 through 1st quarter 2012 and 1st quarter 2014. The amended returns and refund requests were filed between 2013 and 2015. The Ohio Department of Revenue conducted a thorough review of our refund requests and eventually issued refund.

These prior period refunds were correctly not included in the cost of service in the Company's Application.

Witness: Mark A. Pyle

DATA REQUEST

AG_1_173 State whether any settlements, penalties or interest resulting from audits by taxing authorities are included in expense per books in the test year either as incurred by the Company or as charged by AEP. If so, provide full details including the periods and issues resolved, the dollar amounts of settlement by issue, the taxing authority penalty or interest by issue, the taxing authority involved, the date of settlement, the current status of the payment, and the final resolution of the matter or status of the protest if unresolved.

RESPONSE

The tax impacts of all audit settlements related to state and federal income taxes have been removed from cost of service in this filing. Please refer to the Company's response to AG 1-166.

Witness: Mark A. Pyle

DATA REQUEST

AG_1_174 Refer to the testimony of KPCo President Satterwhite at page 12, lines 21-22: "The effect of a decreasing customer base is the single largest driver of the rate request." Identify and provide all quantifications of causes (drivers) of its rate request that were reviewed and ranked by the Company.

RESPONSE

Please refer to the Comany's response to AG 1-175 for the requested information.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_175 Refer to the testimony of KPCo President Satterwhite at page 12, lines 21-22: "The effect of a decreasing customer base is the single largest driver of the rate request." Indicate whether the Company evaluated the impact of each of the following, and provide the impact each of these has had on the Company's rate increase request:

a. The Company's ownership of a share of the Mitchell plant.
b. Costs charged to the Company from the Rockport plant.
c. Affiliated charges.
d. Decreasing customer base.
e. Changes in O&M expenses.
f. Changes in capitalization since the Company's last rate case.
g. Employee incentive compensation.
h. Federally regulated transmission system charges
i. Environmental regulation compliance cost
j. Declining off-system sales
k. Depreciation expense

RESPONSE

a. The Company's analysis did not determine this item(s) to be a major driver behind the Company's requested revenue increase in this case.

b. The Company's analysis did not determine this item(s) to be a major driver behind the Company's requested base revenue increase in this case.

c. The Company's analysis did not determine this item(s) to be a major driver behind the Company's requested revenue increase in this case.

d. The Company's analysis indicated that decreasing customer base (load loss) contributed approximately $34 million to the requested revenue increase in this case.

e. The Company's analysis indicated that various operating and maintenance expenses contributed approximately $5.8 million to the requested revenue increase in this case.

f. The Company's analysis indicated that incremental capitalization contributed approximately $6.7 million to the requested revenue increase in this case.

g. The Company's analysis did not determine this item(s) to be a major driver behind the Company's requested revenue increase in this case.

h. The Company's analysis indicated that PJM LSE OATT expenses contributed approximately $3.8 million to the requested revenue increase in this case.

i. The Company's analysis indicated that environmental compliance expenses contributed approximately $3.9 million to the requested revenue increase in this case.

j. The Company's analysis indicated that adjusting base rates to the test year level of off system sales margins contributed approximately $9.2 million to the requested revenue increase in this case.

k. The Company's analysis indicated that depreciation expenses contributed approximately $5.8 million to the requested revenue increase in this case.

Note that the company's original total revenue request was reduced by approximately $6.3 million in this case due to the 2017 refinancing activities outlined in the Company's supplemental filing.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_176 Refer to the testimony of KPCo President Satterwhite at page 13, lines 1-3: "The rate increase requested is also required to meet increasing costs related to the federally-regulated transmission system ... Transmission system costs are volatile and are billed to Kentucky Power by PJM."

a. What is the total amount of transmission costs that the Company is requesting in the test year? (Show by account.)

b. What amount of transmission costs was included in the Company's current rates (from its last rate case)? Show by account.

c. What amount of transmission costs in the current rate case relates to transmission facilities that are owned by AEP affiliated companies other than Kentucky Power?

RESPONSE

a&b. Please refer to KPCO_R_AG_1_176_Attachment1.xlsx for the requested information.

c. The requested information is not tracked in the normal course of business and the requested analysis has not been performed.

Witness: Ranie K. Wohnhas
Alex E. Vaughan

DATA REQUEST

AG_1_177 Refer to the testimony of KPCo President Satterwhite at page 15, lines 16-18: "... the Company earlier this month refinanced $325 million in outstanding debt to obtain lower interest rates. The Company proposes to file supplemental testimony addressing the post-test year refinancing."
a. Why didn't the Company wait until the refinancing was completed and select a test year including that refinancing before filing its request for a rate increase in the current case, rather than filing prematurely and needing to file supplemental?
b. How much cost did the Company incur related to filing the supplemental testimony?
c. Is the Company attempting to charge ratepayers for any of the additional cost of filing supplemental testimony, as rate case expense or any other type of expense? If so, identify, quantify, and explain the amounts.

RESPONSE

a. Kentucky Power acted reasonably and prudently in filing its application on June 28, 2017. During 2016, Kentucky Power's return on equity ranged from 4.8% to 7.5%. Under the principles of Hope Natural Gas, Bluefield, and the Commission's precedent, Kentucky Power would have been justified in filing its application in 2016 so as to increase its return on equity to a level sufficient to permit Kentucky Power to compensate its shareholder fairly, enable Kentucky Power to offer a return adequate to attract new capital on reasonable terms, and maintain its financial integrity. If Kentucky Power had elected to do so, the savings resulting from the June 2017 refinancing would not have been reflected in the Company's proposed rates. Further, like any large business entity, Kentucky Power's operations are dynamic and constantly changing and the choice of a test year (and hence the date the application is filed) inevitably will result in certain events falling subsequent to the test year and the filing of the application. .

b. Kentucky Power's projected rate case expenses are estimated as a whole and not by individual filing.

c. The Company anticipated the need to file supplemental testimony and thus there are no "additional costs."

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_178 Refer to testimony of KPCo President Satterwhite at page 18, lines 1-18.
a. By how much would the Company's rates and revenues have increased each year had a PJM LSE OATT Cost Tracker been in effect since the June 22, 2015 Order in Case No. 2014-00396?
b. Does the Company's current revenue increase request include any amounts of deferred PJM LSE OATT charges? If so, identify, quantify and explain the amounts.
c. Does the Company have any projections of PJM LSE OATT costs for 2017, 2018, 2019, or 2020? If so, identify, quantify, and explain the projections.

RESPONSE

a. Kentucky Power objects to this request as being vague, unduly burdensome, irrelevant, and not likely to lead to discovery of admissible evidence. It is unclear how the "PJM LSE OATT Cost Tracker" identified in the question would operate. Moreover, the potential effect of this hypothetical tracker on past values has no bearing on the operation of the Company's proposed revised Tariff P.P.A. in the future. Without waiving these objections, the Company responds that it has not prepared the requested calculation.
b. No.
c. See the Company's response to KIUC 1-67, specifically KPCO_R_KIUC_1_67_Attachment1.xlsx for forecasted Kentucky Power retail PJM LSE OATT expenses.

Witness: Alex E. Vaughan

DATA REQUEST

AG_1_179 Provide hard copies of all workpapers underlying the Depreciation Study. Provide Excel files for all portions of the Depreciation Study that were prepared using Excel.

RESPONSE

Please refer to KPSC 1-73, KPCO_R_KPSC_1_73_Attachment4.pdf,
KPCO_R_KPSC_1_73_Attachment5_Big Sandy ARL 2016.xls,
KPCO_R_KPSC_1_73_Attachment6_Big Sandy Interim 2016.xls,
KPCO_R_KPSC_1_73_Attachment7_Net Salvg Calc for Big Sandy KEPCo 2016.xls,
KPCO_R_KPSC_1_73_Attachment8_Big Sandy AGE 2016.xls,
KPCO_R_KPSC_1_73_Attachment9_Big Sandy Theo Reserve Calc 2016.xls,
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 all workpapers that were used in preparation of the depreciation study.

Witness: Jason A. Cash

DATA REQUEST

AG_1_180 Provide all notes taken during any meetings or site visits regarding the depreciation study. Identify by name and title, all KPCo personnel who provided the information, and explain the extent of their participation and the information they provided.

RESPONSE

Any notes taken during site visits were not maintained and are therefore not available.

Witness: Jason A. Cash

DATA REQUEST

AG_1_181 Identify all plant tours taken during the preparation of the Depreciation Study.
a. Identify those in attendance and their titles and job descriptions.
b. Provide all conversation notes taken during the tour.
c. Provide all photographs and images taken during the tour.

RESPONSE

AEPSC employee David Davis, Manager, Accounting Policy & Research, participated in the plant tour of Big Sandy that was taken in 2013. Personnel from Sargent & Lundy, LLC were also in attendance during the plant tour and they used the information from that visit to prepare a conceptual demolition study for Big Sandy. A copy of the conceptual demolition study performed by Sargent & Lundy for the Big Sandy Plant is included as Exhibit JAC-2 in the direct testimony of Witness Cash.

A listing of persons included in the tour and conversation notes were not maintained. Any photographs taken by Sargent & Lundy were not provided to the Company as a part of the conceptual demolition study reports.

Witness: Jason A. Cash

DATA REQUEST

AG_1_182 Regarding the current and proposed depreciation rates:
a. How are the depreciation rates currently in use calculated?
b. Provide the details of KPCo's current depreciation rates in electronic format (Excel), with all formulae intact, including: (i) Plant Balances, (ii) Accumulated Depreciation, (iii) Net Plant, (iv) Cost of Removal/Salvage, (v) Remaining Useful Life, (vi) Annual Accrual, (vii) Depreciation Ratio, etc.

RESPONSE

a. Depreciation rates currently in use were calculated using the remaining life method.

b. Please refer to KPSC 1-73, KPCO_R_KPSC_1_73_Attachment4.pdf, KPCO_R_KPSC_1_73_Attachment5_Big Sandy ARL 2016.xls, KPCO_R_KPSC_1_73_Attachment6_Big Sandy Interim 2016.xls, KPCO_R_KPSC_1_73_Attachment7_Net Salvg Calc for Big Sandy KEPCo 2016.xls, KPCO_R_KPSC_1_73_Attachment8_Big Sandy AGE 2016.xls, KPCO_R_KPSC_1_73_Attachment9_Big Sandy Theo Reserve Calc 2016.xls, 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 all workpapers that were used in preparation of the depreciation study.

Witness: Jason A. Cash

DATA REQUEST

AG_1_183 Does the Company's depreciation study include any adjustment or calculation to amortize the variance between the book depreciation reserve and the calculated accrued depreciation?
a. If so, provide that calculation in electronic (Excel) format with all formulae intact. If not, explain fully why not.
b. Based on the Company's calculations, does KPCo have a reserve excess or deficiency?
c. Is KPCo proposing any amortization of any reserve imbalance? If yes, explain where that is shown in his study and also in the Company's revenue requirement filing.

RESPONSE

a. No. The Company's depreciation study used the average remaining life method to calculate depreciation rates. The average remaining life method automatically adjusts for any theoretical over or under accrual of depreciation over the remaining life of the property.

b. The Company calculated a reserve deficiency for Big Sandy Unit 1.

c. No. The average remaining life method automatically amortizes any theoretical reserve imbalance over the remaining life of the property.

Witness: Jason A. Cash

DATA REQUEST

AG_1_184 Provide all internal and external audit reports, management letters, consultants' reports, etc. which address in any way, the Company's property accounting and/or depreciation practices.

RESPONSE

Please refer to KPCO_R_AG_1_184_Attachment1.xls which provides a listing of audit reports prepared from 2014 through July 2017 and addresses audit areas that may affect property accounting matters. AEP's Annual Reports within AEP's SEC Form 10-Ks, including reports of an independent registered public accounting firm, are available on AEP's website at: http://www.aep.com/investors/FinancialFilingsAndReports/AnnualReportsProxies/.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_185 For the years 2014 through present, identify all Board of Director's minutes, and internal management meeting minutes in which the subject of the Company's depreciation rates or retirement unit costs was discussed. Provide copies of same, if not already provided.

RESPONSE

Please refer to KPCO_R_AG_1_136_Attachment1.pdf for the requested information.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_186 Provide copies of all internal correspondence which in any way deal with the Company's retirement unit costs, depreciation rates, and/or the Depreciation Study.

RESPONSE

The Company objects to this data request on the grounds that it is unduly burdensome and overly broad; the Company cannot and has not examined all of its internal correspondence to determine if it deals with retirement unit costs, depreciation rates and/or the Depreciation Study, which are very broad general topics. The Company follows the FERC Uniform System of Accounts in regards to its accounting for retirement units and the Depreciation Study and depreciation rates are established using standard utility methodology's as outlined in NARUC's "Public Utility Depreciation Practices".

Witness: Jason A. Cash

DATA REQUEST

AG_1_187 Provide copies of all industry statistics used by the Company and AEPSC relating to electric company depreciation rates.

RESPONSE

Industry statistics were not used by the Company or AEPSC in the development of depreciation rates.

Witness: Jason A. Cash

DATA REQUEST

AG_1_188 Identify all industry statistics upon which KPCo relied in formulating the depreciation proposals.

RESPONSE

Industry statistics were not relied upon by KPCo in the development of depreciation rates.

Witness: Jason A. Cash

DATA REQUEST

AG_1_189 Provide explanatory examples of the debits and credits relating to customer advances and contributions-in-aid of construction.

RESPONSE

A non-refundable customer advance or contribution in aid of construction received from a third party for construction is accounted for by debiting account 131 Cash and crediting account 107 Construction Work in Progress. If the reimbursement is related to removal work account 108 Accumulated Depreciation and Amortization is credited.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_190 Provide explanatory examples of the debits and credits relating to the accounts for which depreciation is charged to clearing accounts.

RESPONSE

Kentucky Power does not charge depreciation expense to clearing accounts.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_191 Provide a copy of the Company's current capitalization policy. If the policy has changed at all since 2014, provide a copy of all prior policies in effect during any portion of that period.

RESPONSE

Please refer to the Company's response to AG_1_044. Please see pages 574-576 in KPCO_R_AG_1_044_Attachment1.pdf.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_192 Identify and explain all changes since the last depreciation study which might affect depreciation rates.

RESPONSE

Current depreciation rates for Big Sandy are based on a depreciation study from Case No. 91-066. That depreciation study used plant in service balances at December 31, 1989 to develop depreciation rates. The depreciation study included in the current case is for Big Sandy Unit 1 and used plant in service balances at December 31, 2016. The 2016 study reflects changes affecting depreciation rates since the 1989 depreciation study.

Witness: Jason A. Cash

DATA REQUEST

AG_1_193 Provide all tabulations included in the Depreciation Study and all data necessary to recreate in their entirety, all analyses and calculations performed for the preparation of the study. Provide this and all electronic data in Excel (or .txt format if appropriate), with all formulae intact.
a. Provide any record layouts necessary to interpret the data.
b. Include in the response electronic spreadsheet copies of all of the schedules and/or tables included in the Depreciation Study, with all formulae intact.

RESPONSE

Please refer to KPSC 1-73, KPCO_R_KPSC_1_73_Attachment4.pdf,
KPCO_R_KPSC_1_73_Attachment5_Big Sandy ARL 2016.xls,
KPCO_R_KPSC_1_73_Attachment6_Big Sandy Interim 2016.xls,
KPCO_R_KPSC_1_73_Attachment7_Net Salvg Calc for Big Sandy KEPCo 2016.xls,
KPCO_R_KPSC_1_73_Attachment8_Big Sandy AGE 2016.xls,
KPCO_R_KPSC_1_73_Attachment9_Big Sandy Theo Reserve Calc 2016.xls,
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 all workpapers that were used in preparation of the depreciation study.

Witness: Jason A. Cash

DATA REQUEST

AG_1_194 If not provided elsewhere, provide KPCo's amortization calculations and workpapers for general plant accounts in electronic format (Excel) with all formulae intact.

RESPONSE

Currently the only general plant that Kentucky Power Company is amortizing are leasehold improvements made to leased buildings in plant account 390. Kentucky Power Company has leasehold improvements at the Julius Branch building which are fully amortized and at the Hazard building which are being amortized through March 2018. Please refer to KPCO_R_AG_1_194_Attachment1.xls for the February 2017 amortization calculations for general plant.

Witness: Jason A. Cash

DATA REQUEST

AG_1_195 For each plant account and for each year since the inception of the account up to and including 2/28/2017, provide the following standard depreciation study data as identified at pages 30-33 of the August 1996 NARUC Public Utility Depreciation Practices Manual ("NARUC Manual"). Provide the data in electronic format (Excel or .txt). Include data prior to 1995 if available. Also, provide aged vintage data if available. Use the codes identified for each type of data, unless the Company regularly uses other codes. In those circumstances, identify and explain the Company's coding system. Code Data Type 9 Addition 0 Ordinary Retirement 1 Reimbursement 2 Sale 3 Transfer – In 4 Transfer – Out 5 Acquisition 6 Adjustment 7 Final retirement of life span property (see NARUC Manual, Chapter X) 8 Balance at Study Date Initial Balance of Installation

RESPONSE

The Company is proposing that only the depreciation rates for Big Sandy Unit 1 be updated in this case. Big Sandy Unit 1 (Production Plant) was analyzed using a life span type methodology. The workpapers used to calculate depreciation rates for Big Sandy Unit 1 were provided as:

KPCO_R_KPSC_1_73_Attachment4_Depr_Stucy_Workpapers.pdf

KPCO_R_KPSC_1_73_Attachment5_Big_Sandy_ARL_2016.xls

KPCO_R_KPSC_1_73_Attachment6_Big_Sandy_Interim_2016.xls

KPCO_R_KPSC_1_73_Attachment7_Net_Salvg_Calc_for_Big Sandy_KEPCo_2016.xls

KPCO_R_KPSC_1_73_Attachment8_Big_Sandy_AGE_2016.xls,

KPCO_R_KPSC_1_73_Attachment9_Big_Sandy_Theo_Reserve_Calc_2016.xls

KPCO_SR_KPSC_1_73_Attachment95 Schedule I of Depr Study.xls

KPCO_SR_KPSC_1_73_Attachment96 Schedule II of Depr Study.xls in KPSC 1-73

Depreciation rates related to Distribution Plant, Transmission Plant, General Plant and the Company's ownership share of the Mitchell Plant are not being updated in this case. As a result, the information requested is not available.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_196 If the depreciation study data provided in response to the preceding question is not the exact set of data used for the depreciation study submitted in this case, explain all differences and reconcile the amounts provided to those used in the case.

RESPONSE

Please refer to KPSC 1-73, KPCO_R_KPSC_1_73_Attachment4.pdf,
KPCO_R_KPSC_1_73_Attachment5_Big Sandy ARL 2016.xls,
KPCO_R_KPSC_1_73_Attachment6_Big Sandy Interim 2016.xls,
KPCO_R_KPSC_1_73_Attachment7_Net Salvg Calc for Big Sandy KEPCo 2016.xls,
KPCO_R_KPSC_1_73_Attachment8_Big Sandy AGE 2016.xls,
KPCO_R_KPSC_1_73_Attachment9_Big Sandy Theo Reserve Calc 2016.xls,
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 all workpapers that were used in preparation of the depreciation study.

Witness: Jason A. Cash

DATA REQUEST

AG_1_197 If not provided elsewhere, provide the cost of removal and gross salvage data used in the Depreciation Study net salvage calculation. If this data differs from that reflected on the Company's books, explain the differences and provide a reconciliation. Provide this data in electronic (Excel or .txt) format.

RESPONSE

Please refer to KPSC 1-73, 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 workpapers which provide the cost of removal and gross salvage calculations.

Witness: Jason A. Cash

DATA REQUEST

AG_1_198 Provide the following annual accumulated depreciation amounts for all plant accounts for the last 15 years (up to, and including, 2016). If the requested data is not available for the last 15 years, provide the data for as many years as are available. Provide data in electronic format (Excel or .txt).

a. Beginning and ending reserve balances,
b. Annual depreciation expense,
c. Annual retirements,
d. Annual cost of removal and gross salvage,
e. Annual third party reimbursements.

RESPONSE

Please refer to KPCO_R_AG_1_198_Attachment1.xls for the annual accumulated depreciation amounts for all plant accounts for the last 15 years. The Company treats any third party reimbursements as salvage and those amounts are included in the salvage credits column of the attached spreadsheets.

Witness: Jason A. Cash

DATA REQUEST

AG_1_199 Provide a comparison of the annual cost of removal and gross salvage amounts shown on KPCo's federal income tax return calculations with the corresponding book amounts, for the last 5 years, through 2016. Provide the annual deferred tax expense associated with each of the differences. Also, provide the beginning and ending accumulated deferred tax balances and state whether they are rate base additions or rate base deductions.

RESPONSE

Please refer to KPCO_R_AG_1_199_Attachment1.xlsx for the cost of removal and salvage amounts for the last 5 years. Information for 2016 is not yet available. ADIT related to plant is included as a reduction to rate base and is shown in the Company's response to AG 1-58. Please refer to the Company's response to AG 1-58.

Witness: Mark A. Pyle

DATA REQUEST

AG_1_200 Provide a summary of annual maintenance expense by USOA account (for all accounts) for the last 10 years through 2016. If the requested data is not available for the last 10 years, provide the data for as many years as are available. Provide data in electronic format.

RESPONSE

Please refer to KPCO_R_AG_1_200_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_201 Explain what consideration, if any, was given to annual maintenance expense data in KPCo's estimation of service lives, dispersion patterns, and net salvage.

RESPONSE

Annual maintenance expense was not included in the Company's analysis of service lives, dispersion patterns and net salvage.

Witness: Jason A. Cash

DATA REQUEST

AG_1_202 If not provided elsewhere, provide the calculation of the rates proposed in the Depreciation Study in electronic format (Excel) with all formulae intact.

RESPONSE

Please refer to KPSC 1-73, KPCO_R_KPSC_1_73_Attachment4.pdf, KPCO_R_KPSC_1_73_Attachment5_Big Sandy ARL 2016.xls, KPCO_R_KPSC_1_73_Attachment6_Big Sandy Interim 2016.xls, KPCO_R_KPSC_1_73_Attachment7_Net Salvg Calc for Big Sandy KEPCo 2016.xls, KPCO_R_KPSC_1_73_Attachment8_Big Sandy AGE 2016.xls, KPCO_R_KPSC_1_73_Attachment9_Big Sandy Theo Reserve Calc 2016.xls, 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 all workpapers that were used in preparation of the depreciation study.

Witness: Jason A. Cash

DATA REQUEST

AG_1_203 Provide the proposed depreciation rates, split into three separate components: capital recovery, gross salvage, and cost of removal.

RESPONSE

The Company's total proposed depreciation rates were provided in Company witness Cash's Exhibit JAC-1, pages 9-10. The Company calculates a life (capital recovery) plus salvage rate and a cost of removal rate but does not calculate a separate gross salvage depreciation rate since this is not required by GAAP or FERC.

Depreciation rates and net salvage percentages proposed by the Company may change based on a Commission Order. Since the rates may change, depreciation rates which separate the capital recovery including gross salvage and cost of removal are not calculated by the Company until a rate order is issued by the Commission. Therefore, only a total depreciation rate has been calculated pending the Commission's Order.

Witness: Jason A. Cash

DATA REQUEST

AG_1_204 Provide a calculation of the theoretical reserves reflecting both KPCo’s proposed procedures and the existing procedures. Provide these calculations in electronic format (Excel) with all formulae intact and include all supporting calculations and workpapers.

RESPONSE

A calculation of the theoretical reserve by account for Big Sandy Unit 1 is included in Excel format on the Company's response to KPSC1-73. Please refer to KPCO_R_KPSC_1_73_Attachment9_Big Sandy Theo Reserve Calc 2016.xls.

Witness: Jason A. Cash

DATA REQUEST

AG_1_205 Does the Company maintain its book reserve by plant account? If not, explain why not.

RESPONSE

Yes, the Company maintains its book reserve by plant account. However, the depreciation rate established for Big Sandy in Case No. 91-066 is for the entire plant and is not by functional plant account. As explained by Company Witness Cash on page 9 of his direct testimony the Company proposes that Kentucky Power begin to maintain its depreciation rates and book reserve by plant account for Big Sandy Unit 1.

Witness: Jason A. Cash

DATA REQUEST

AG_1_206 If the Company does not maintain its book reserve by plant account, provide the calculation of the book reserve shown in the depreciation study.

RESPONSE

Please refer to the Company's response to AG_1_205.

Witness: Jason A. Cash

DATA REQUEST

AG_1_207 If applicable, calculate all depreciation rates using the same weighting procedure used in the current depreciation rates, i.e., the same procedure used the last time depreciation rates were calculated.

RESPONSE

The depreciation study calculated depreciation rates using a straight line methodology and an average remaining life type procedure which is the same procedure used the last time depreciation rates were calculated.

Witness: Jason A. Cash

DATA REQUEST

AG_1_208 If not provided elsewhere, provide all remaining life calculations resulting from the depreciation study in electronic format (Excel) with all formulae intact.

RESPONSE

Please refer to KPSC 1-73, KPCO_R_KPSC_1_73_Attachment4.pdf,
KPCO_R_KPSC_1_73_Attachment5_Big Sandy ARL 2016.xls,
KPCO_R_KPSC_1_73_Attachment6_Big Sandy Interim 2016.xls,
KPCO_R_KPSC_1_73_Attachment7_Net Salvg Calc for Big Sandy KEPCo 2016.xls,
KPCO_R_KPSC_1_73_Attachment8_Big Sandy AGE 2016.xls,
KPCO_R_KPSC_1_73_Attachment9_Big Sandy Theo Reserve Calc 2016.xls,
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 all workpapers that were used in preparation of the depreciation study.

Witness: Jason A. Cash

DATA REQUEST

AG_1_209 If not provided elsewhere, provide electronic (Excel) versions of the net salvage studies included in the depreciation study, with all formulae intact.

RESPONSE

Please refer to KPSC 1-73, KPCO_R_KPSC_1_73_Attachment7_Net Salvg Calc for Big Sandy KEPCo 2016.xls, for the workpapers which provide the calculation of net salvage.

Witness: Jason A. Cash

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

DATA REQUEST

AG_1_210 If not provided elsewhere, provide all workpapers supporting terminal net salvage (decommissioning) estimates for each account for which terminal net salvage is a factor. Include any decommissioning studies relied upon, and explain how the results of those studies were incorporated into the net salvage estimate proposed by KPCo. Include all calculations in electronic format (Excel), with all formulae intact.

RESPONSE

Please refer to KPSC 1-73, KPCO_R_KPSC_1_73_Attachment7_Net Salvg Calc for Big Sandy KEPCo 2016.xls, for the workpapers which provide the net salvage calculations. Please refer to Exhibit JAC-2 in the direct testimony of Witness Cash for a copy of the Sargent & Lundy Dismantling Estimate used in the study.

Witness: Jason A. Cash

DATA REQUEST

AG_1_211 Do KPCo's net salvage recommendations, including any terminal net salvage estimates, incorporate inflation expected to be incurred in the future? If yes, explain fully how this inflation is factored into each recommendation, and provide supporting calculations in electronic format (Excel). If not, provide support showing no future inflation was included.

RESPONSE

Yes, the Company's terminal net salvage recommendation for Big Sandy Unit 1 includes inflation. An inflation factor of 2.30% was used to calculate Big Sandy Unit 1's expected terminal net salvage amounts at the 2031 estimated retirement date of the plant (see Exhibit JAC-2, included with Company witness Cash's direct testimony which shows the Sargent & Lundy, LLC conceptual demolition study at 2013).

Witness: Jason A. Cash

DATA REQUEST

AG_1_212 If KPCo's net salvage recommendations include inflation expected to be incurred in the future, provide the net present value of KPCo's net salvage recommendations.

RESPONSE

Inflation was incorporated in the Company's depreciation rates calculated for Big Sandy Unit 1. See Exhibit JAC-2 which was provided with Company Witness Cash's direct testimony. Exhibit JAC-2 includes a copy of the 2013 conceptual demolition study that Sargent & Lundy, LLC performed for Big Sandy and the cost estimation at 2013.

Witness: Jason A. Cash

DATA REQUEST

AG_1_213 Does KPCo agree that including inflation expected to be incurred in the future in net salvage estimates results in charging today's ratepayers for tomorrow's inflation? Explain why or why not.

RESPONSE

No. The calculation of straight line depreciation rates by the depreciation study requires that both the original cost of the assets and the future net salvage be included. Including the future amount of net salvage is supported by NARUC's "Public Utility Depreciation Practices", page 18, which states:

> "The goal of accounting for net salvage is to allocate the net cost of an asset to accounting periods, making due allowance for the net salvage, positive or negative, **that will be obtained** when the asset is retired." (emphasis added)

Failure to include the future net salvage amounts would result in charging current customers less and future customers more for service from the same facilities.

In addition, any discounting of future net salvage estimates would be incorrect because customers receive a return on the net salvage component of depreciation expense through the inclusion of accumulated depreciation as a reduction to rate base which reduces the required return to be included in rates.

Witness: Jason A. Cash

DATA REQUEST

AG_1_214 Does KPCo believe that including future inflation in net salvage estimates falls under the "known and measurable" standard usually followed in rate cases? Explain why or why not.

RESPONSE

Yes. Inflation is known and measurable and has been a factor in the American economy for many years and the future amount of net salvage is required to properly calculate straight line depreciation rates and avoid generational equity issues as explained in the Company's response to AG 1-214.

Witness: Jason A. Cash

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

DATA REQUEST

AG_1_215 On an account-by-account basis, for each of the five years ending 2017, explain whether the gross salvage and cost of removal incurred was normal or abnormal and why.

RESPONSE

The gross salvage and cost of removal included in the depreciation study analysis used to calculate revised depreciation rates for Big Sandy Unit 1 was all related to normal retirements.

Witness: Jason A. Cash

DATA REQUEST

AG_1_216 Explain, and provide examples of, the Company's retirement unit cost procedures for each account. Identify all changes to retirement unit costs which have occurred over the years.

RESPONSE

The Company has consistently followed the FERC Uniform System of Accounts when accounting for the cost of retirement unit property. The installed cost of retirement unit property is capitalized in account 101 Plant in Service. When retirement unit property is removed from service the original installed cost is retired by debiting (reducing) account 108 Accumulated Provision for Depreciation and crediting (reducing) account 101 Plant in Service. The Company follows FERC Rule 598 for non-mass property and estimates plant retirements using current day replacement cost trended using the Handy Whitman Index to the vintage year installed. For mass property, plant retirements are made based on the average installed cost by vintage year.

Witness: Jason A. Cash

DATA REQUEST

AG_1_217 Explain the Company's accounting procedures for gross salvage and cost of removal.

RESPONSE

The Company follows FERC Electric Plant Accounting Instruction number 10 "Additions and Retirements of Plant" when accounting for gross salvage and cost of removal. FERC's instruction requires that gross salvage and cost of removal be credited or charged to accumulated depreciation.

Witness: Jason A. Cash

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DATA REQUEST

AG_1_218 Explain how cost of removal relating to replacements is allocated between cost of removal and new additions. Provide copies of actual source documents showing this allocation.

RESPONSE

The Company follows FERC Electric Plant Accounting Instruction number 10 "Additions and Retirements of Plant" when accounting for cost of removal relating to replacements. The Company charges cost of removal to accumulated depreciation.

Please refer to KPCO_R_AG_1_218_Attachment1.pdf for the source document and KPCO_R_AG_1_218_Attachment2.xls for the accounting classification of the source document.

Witness: Jason A. Cash

DATA REQUEST

AG_1_219 Does KPCo agree that, in the case of a replacement, KPCo has control over how much of the cost of the replacement is assigned to the retirement as cost of removal, and how much is capitalized to plant-in-service? If not, explain fully why not. Explain the answer fully.

RESPONSE

No. The cost related to the installation of the new asset is charged to plant in service and the cost required to replace the asset is charged to removal based on the type of work activity performed (installation or removal).

Witness: Jason A. Cash

DATA REQUEST

AG_1_220 Provide all manuals, guidelines, memoranda or other documentation that deal with the Company's policies on the assignment of capital costs and net salvage with regard to the replacement of retired plant. Also, provide a sample work order for a replacement project, showing these cost assignments.

RESPONSE

The Company follows Part 101 of the FERC Uniform System of Accounts, which is a publically available document, for recording costs related to the replacement of retired plant. When retired plant is replaced, the original cost of the property replaced is retired and the cost of removing the property is charged to the cost of removal reserve. Any salvage received is credited to accumulated depreciation. The material and installation cost of the new property is capitalized in plant in service.

Please refer to KPCO_R_AG_1_220_Attachment1.xls for charges to a sample work order for a replacement project. The costs in account 1070001 will transfer to plant in service, the costs in account 1080005 will transfer to the cost of removal reserve, and the amount shown in account 1010001 is the original cost of the replaced property that will be retired.

Witness: Jason A. Cash

DATA REQUEST

AG_1_221 Identify and explain the Company's expectations with respect to future removal requirements and markets for retired equipment and materials. Provide the basis for these expectations.

RESPONSE

The Company's expectations with respect to future removal requirements are that the Company will comply with all applicable environmental and safety and health regulations while ensuring that the Company's facilities are safe, secure, and do not pose a nuisance to the community. This expectation is based on the Company's Environmental, Safety & Health Policy which can be found on the Company's website at http://www.aepsustainability.com/performance/environmental/mesh.aspx. The Company's expectation with regards to markets for retired equipment and materials is that the Company will receive fair market value for any equipment or material salvaged.

Witness: Debra L. Osborne

DATA REQUEST

AG_1_222 Provide the Company's construction and capital budgets for the years 2017-2019 inclusive. Identify all retirements, replacements, new additions and cost of removal reflected in these budgets. Provide by account where available and explain how the cost estimates are derived for these items.

RESPONSE

Please see KPCO_R_AG_1_222_Attachment1.xlsx for the Company's construction and capital budgets for the years 2017-2019 inclusive.

Capital budgeting is done through a combination of top down and bottom up processes. The AEPSC Corporate, Planning & Budgeting Department works with each utility operating company to determine top down limitations on capital spending dictated by both individual company and corporate-wide credit ratios, availability of capital, return on equity goals, dividend needs and other factors. The bottom up process is a joint effort between employees of each company and centralized AEPSC corporate planning groups for each line of business. Individual capital projects are evaluated based on a range of criteria. The result of the process is a list of projects that is used to build up each company's budget in the budgeting system to the total amount established by the top down analysis. Retirements are based upon a 5 year average with the exception of Intangibles.

Witness: Ranie K. Wohnhas

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DATA REQUEST

AG_1_223 Provide narrative explanations of the Company's aging and pricing procedures.

RESPONSE

The Company maintains its Property Ledger by vintage year which indicates the year the property was placed in service. With the exception of mass distribution property in plant accounts 364-373, retirements of depreciable property are priced using current cost trended back to the original installation year. Mass distribution property in plant accounts 364-373 is priced using an average cost for the account and year of the retirement.

Witness: Tyler H. Ross
Jason A. Cash

DATA REQUEST

AG_1_224 Explain how the Company accounts for third party reimbursements and how they are reflected in the depreciation study.

RESPONSE

The Company treats any third party reimbursements of removal cost as salvage and those salvage amounts are credited to accumulated depreciation and included in the depreciation study.

Witness: Jason A. Cash

DATA REQUEST

AG_1_225 If third-party reimbursements were excluded from the net salvage studies, was the related retirement also excluded from the life studies?

RESPONSE

The Company treats any third party reimbursements of removal cost as salvage and those salvage amounts are included in the depreciation study. Retirements related to the third party reimbursements were also included in the depreciation study calculations.

Witness: Jason A. Cash

DATA REQUEST

AG_1_226 Identify and explain all Company programs which might affect plant lives.

RESPONSE

The Company objects to this request on the grounds that it is overly broad and vague asking for "all" Company programs which "might" affect plant lives. Without waiving this objection, the Company states that it has numerous programs designed to aid in providing safe and reliable power to its customers, all of which have the ability to affect the service life of the Company's assets. Please see the testimony of Company Witnesses Osborne for a description of the Company's generation assets (pages 3-7) and the O&M necessary to provide safe, economical and reliable generation output to serve load (pages 8-10). See also the testimony of Company Witness Phillips (pages 18-23) for details on programs that have been implemented to maintain the Company's distribution infrastructure, and reduce the number of service interruptions and to minimize their impact to customers.

Witness: Everett G. Phillips
Ranie K. Wohnhas
Debra L. Osborne

DATA REQUEST

AG_1_227 Provide all internal life extension studies prepared by the Company. Life extension refers to any program, maintenance, or capital designed to extend lives and/or increase capacity of its existing plant-in-service. Identify the functions to which these studies relate.

RESPONSE

Formal engineering studies that specifically define the remaining useful life of an existing plant are not performed at the generating unit level. Kentucky Power monitors the condition of major components of its plant-in-service and utilizes preventative and predictive maintenance, consistent with good utility practice, to replace or repair equipment as necessary. The Company has not completed any internal life extension studies for transmission, distribution, or general plant. See also the Company's response to KPCO_R_AG_1_226.

Witness: Everett G. Phillips
Debra L. Osborne

DATA REQUEST

AG_1_228 Provide the following information for all retirements by plant account for the last 10 years through 2016. If requested data is not available for the last 10 years, provide the data for as many years as are available:
a. Date of retirement
b. Amount of retirement
c. Account
d. Reason for retirement
e. Whether or not retirement was excluded from historical interim retirement rate studies.

RESPONSE

a, b, and c - Please see KPCO_R_AG_1_228_Attachment1.xls.

d. The Company does not maintain a database that provides the reason for retirement and therefore that information is not available.

e. Big Sandy Unit 1 was studied using a life span type methodology. Please refer to the Company's response to KPSC 1-73 and the attachment labeled KPCO_R_KPSC_1_73_Attachment6_Big Sandy Interim 2016.xls, which details adjustments made to the accounts studied using the interim retirement rate analysis.

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Witness: Jason A. Cash

DATA REQUEST

AG_1_229 Provide a copy of the Company's most recent prior depreciation study and the Order(s) establishing the present deprecation rates.

RESPONSE

Please refer to KPSC 1-57, KPCO_R_KPSC_1_57_Attachment1.pdf for the Company's most recent prior depreciation study.

The depreciation rates for the Company's ownership share of the Mitchell Plant, and for the Transmission, Distribution, and General Plant functions were approved by the Commission in Case No. 2014-00396. The Distribution Plant function depreciation rates were first established in Case No. 91-066. Big Sandy Unit 1's current depreciation rates were also established in Case No. 91-066.

Witness: Jason A. Cash

DATA REQUEST

AG_1_230 Provide a calculation of the current depreciation rates in electronic format (Excel) with all formulae intact. Show all parameters used, and provide a source for those rates and underlying parameters. If the rates and parameters are not the same as approved in the most recent prior case, explain why not. Also, if there are any differences in the account numbers used, provide a reconciliation.

RESPONSE

The revised depreciation rates are required due to changes in investment and expected life of Big Sandy Unit 1 following Unit 1's conversion to use natural gas in 2016.

Please refer to KPSC 1-73, KPCO_R_KPSC_1_73_Attachment4.pdf,
KPCO_R_KPSC_1_73_Attachment5_Big Sandy ARL 2016.xls,
KPCO_R_KPSC_1_73_Attachment6_Big Sandy Interim 2016.xls,
KPCO_R_KPSC_1_73_Attachment7_Net Salvg Calc for Big Sandy KEPCo 2016.xls,
KPCO_R_KPSC_1_73_Attachment8_Big Sandy AGE 2016.xls,
KPCO_R_KPSC_1_73_Attachment9_Big Sandy Theo Reserve Calc 2016.xls,
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 all workpapers that were used in preparation of the depreciation study.

Witness: Jason A. Cash

DATA REQUEST

AG_1_231 Identify and explain all changes between the current study and the most recent prior study.

RESPONSE

See the Company's response to AG 1-192.

Witness: Jason A. Cash

DATA REQUEST

AG_1_232 Provide the current depreciation rates, split into three separate components: capital recovery, gross salvage, and cost of removal.

RESPONSE

See the Company's response to AG 1-203.

Witness: Jason A. Cash

DATA REQUEST

AG_1_233 Provide any and all internal studies and correspondence concerning the Company's and the parent company's (American Electric Power) implementation of FASB Statement No. 143 and FIN 47.

RESPONSE

The Company made no accounting entries to recognize legal obligations related to the adoption of SFAS No. 143 because it was not required to recognize any legal asset retirement obligations under the provisions of SFAS No. 143. Please refer to KPCO_R_AG_1_233_Attachment1.pdf for the FIN 47 implementation memo.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_234 Provide complete copies of all correspondence with the following parties regarding the Company's implementation of FASB Statement No. 143 and FIN 47:
a. External auditors and other public accounting firms.
b. Consultants
c. External counsel
d. Federal and State regulatory agencies
e. Internal Revenue Service

RESPONSE

Please refer to AEP's 10-K filings for the years ended December 31, 2003 and December 31, 2005, available on AEP's website at Investors/SEC Filings & Other Financial Reports/Filings, for AEP's (and correspondingly Kentucky Power's) disclosure related to the implementation of these standards.

The Company is unable to locate correspondence with outside parties regarding the implementation of those standards.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_235 Regarding FASB Statement No. 143 and FIN 47, on a plant account-by-plant account basis, identify any and all "legal obligations" associated with the retirement of the assets contained in the account that result from the acquisition, construction, development and (or) the normal operation of the assets in the account. For the purposes of this question, use the definition of a "legal obligation" provided in FASB Statement No. 143: "an obligation that a party is required to settle as a result of an existing or enacted law, statute, ordinance, or written or oral contract under the doctrine of promissory estoppel."

RESPONSE

Kentucky Power records asset retirement obligations (ARO) for the retirement of ash disposal facilities and asbestos removal. Kentucky Power has identified, but not recognized, ARO liabilities related to electric transmission and distribution assets, as a result of certain easements on property on which assets are owned. Generally, such easements are perpetual and require only the retirement and removal of assets upon the cessation of the property's use. The retirement obligation is not estimable for such easements since Kentucky Power plans to use its facilities indefinitely. The retirement obligation would only be recognized if and when Kentucky Power abandons or ceases the use of specific easements, which is not expected.

Kentucky Power has recorded its AROs for ash disposal facilities and generation asbestos removal in plant account 317, Asset retirement costs for steam production plant, and service center asbestos abatement in plant account 399.1, Asset retirement costs for general plant.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_236 For any asset retirement obligations identified above, provide the "fair value" of the obligation. For the purposes of the question, fair value means "the amount at which that liability could be settled in a current [not future] transaction between willing parties, that is, other than in a forced or liquidation transaction." Provide all assumptions and calculations underlying these amounts.

RESPONSE

Please refer to KPCO_R_AG_1_236_Attachment1.xls for the value of asset retirement obligation liabilities as of February 28, 2017 and the underlying assumptions. Asset retirement obligations are generally estimated using an expected present value technique. The estimated cash flows, discount rate and inflation rate are entered in the PowerPlan application which calculates the liability. Accretion expense is recorded using the credit-adjusted risk-free rate that existed when the liability, or portion thereof, was initially measured. Upward revisions are discounted using the current credit-adjusted risk-free rate, while downward revisions are discounted using the credit-adjusted risk-free rate that existed when the original liability was recognized, or a weighted-average credit-adjusted risk-free rate. Accordingly, subsequent measurements of asset retirement obligations are not fair value measurements.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_237 Identify all Board of Director's minutes, and internal management meeting minutes during 2014-2016 and to date in 2017 in which any or all of the following subjects were discussed: the Company's depreciation rates; retirement unit costs; SFAS No. 143; and FIN 47. Provide copies of same, if not already provided.

RESPONSE

Please refer to KPCO_R_AG_1_136_Attachment1.pdf for the requested information.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_238 Provide the accounting entries (debits and credits) used to implement SFAS No. 143 and FIN 47, along with all workpapers supporting those entries. Provide all these workpapers and calculations in electronic format (Excel) with all formulae intact.

RESPONSE

Kentucky Power made no accounting entries to recognize legal obligations related to the adoption of SFAS No. 143 because it was not required to recognize any legal asset retirement obligations under the provisions of SFAS No. 143.

As it relates to FIN 47, the requested accounting entries and workpapers are provided in KPCO_R_AG_1_238_Attachment1.xls.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_239 Has KPCo recorded any regulatory asset or regulatory liability relating to cost of removal or accounting for asset retirement obligations? If so, identify the amounts recorded in each account for (i) cost of removal and (ii) AROs, as of each date: (a) 12/31/2014; (b) 12/31/2015; (c) 12/31/2016; and (d) 2/28/2017.

RESPONSE

Please refer to KPCO_R_AG_1_239_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_240 Does KPCo record any removal costs as O&M expense? If not, explain fully why not. If so, identify the amounts of removal costs recorded as O&M expense by account for each of the five years through 2017.

RESPONSE

Yes. The Company follows FERC's Electric Plant Instructions, Item 10 "Additions and Retirements of Electric Plant" to account for removal costs. Item 10 requires that when a retirement unit is retired from electric plant, the related removal costs are charged to accumulated depreciation but when a minor item of property is retired independently of the retirement unit of which it is a part the removal cost is charged to maintenance expense unless the replacement reflects a substantial betterment. Kentucky Power does not identify the maintenance costs to replace minor items of property separately from other maintenance costs.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_241 Through 2/28/2017 has KPCo recorded any asset retirement obligations (AROs) or costs for Coal Combustion Residuals (CCR)? If so, identify, quantify, explain, and list the amounts recorded in each year, 2015, 2016, and as of 2/28/2017 by account. Include complete supporting workpapers showing how the AROs and CCR costs were estimated.

RESPONSE

Kentucky Power has recorded asset retirement obligations for closure of ash ponds and landfills containing coal combustion residuals. Please refer to KPCO _R_AG_1_241_Attachment1.xls for the recorded liabilities. Refer to KPCO_R_KPSC_1_54_Attachment2.xls for the ARO cost estimates.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_242 Provide an analysis of the regulatory liability for cost of removal since inception identifying and explaining each debit and credit entry and amount.

RESPONSE

Please refer to KPCO_R_AG_1_242_Attachment1.xls for the requested information. The Company began recording a regulatory liability for SEC/GAAP purposes in 2003. Since that time over 1,000 separate debit and credit entries have been posted to the regulatory liability accounts. Detailed explanations for each debit and credit entry and amount are not recorded and are therefore not available.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_243 Provide the calculation of the annual amount of future net salvage incorporated into KPCo's existing depreciation rates and in its proposed depreciation rates by account. If the amount is reduced by the total amount of non-legal AROs included in year-end accumulated depreciation, show that calculation.

RESPONSE

The Company has not calculated the annual amount of future net salvage incorporated into Kentucky Power's existing and proposed depreciation rates. This type of calculation is not necessary for the preparation of the Company's depreciation study. The requested calculations would require estimations, allocations and an extensive amount of work and those calculations have not been made and are not available to respond to this data request.

Witness: Jason A. Cash

DATA REQUEST

AG_1_244 Indicate the number of, and expenses related to, temporary or seasonal employees included in 2014, 2015, 2016, and test year (1) total and (2) retail jurisdictional expenses.

RESPONSE

Please refer to the Company's response to AG_1_060.

Witness: Tyler H. Ross
Andrew R. Carlin

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DATA REQUEST

AG_1_245 Provide as complete a breakdown as possible of the expenses billed by AEPSC and included in jurisdictional expense for the years 2014, 2015, 2016 and 2017 (to date). Include separately:
a. Labor
b. Employee benefits (by type)
c. Employment taxes
d. Outside services
e. Promotional, institutional and/or corporate advertising
f. Contributions (by entity)
g. dues to organizations and social clubs (by entity)
h. AEP owned or leased aircraft
i. Regulatory costs (list docket no., jurisdictional entity, dates and description)
j. Travel costs
k. Lobbying or politically related activities
l. Miscellaneous (describe)

RESPONSE

(A - E, J, and L) Refer to KPCO_R_AG_1_245_Attachment1.xls for AEPSC expenses billed to Kentucky Power in Cost of Service for the 12 months ended December 31, 2014, 2015 and 2016, and 7 months ended July 31, 2017 by cost type.

(F) Refer to KPCO_R_AG_1_245_Attachment2.xls for AEPSC expenses billed to Kentucky Power in Cost of Service for the 12 months ended December 31, 2014, 2015 and 2016, and 7 months ended July 31, 2017 for company contributions and memberships by entity.

(G) Refer to KPCO_R_AG_1_245_Attachment3.xls for AEPSC expenses billed to Kentucky Power in Cost of Service for the 12 months ended December 31, 2014, 2015 and 2016, and 7 months ended July 31, 2017 for employee memberships by entity.

(H) Refer to the Companies' response to AG_1_153 for the requested information.

(I) Refer to KPCO_R_AG_1_245_Attachment4.xls for AEPSC expenses billed to Kentucky Power in Cost of Service for the 12 months ended December 31, 2014, 2015 and 2016, and 7 months ended July 31, 2017 for regulatory costs.

(K) Refer to the Companies' response to KPSC 1_33 for the requested information.

Witness: Katharine I. Walsh

DATA REQUEST

AG_1_246 Provide copies of any studies or analyses prepared by or for the Company, the Service Corporation or any AEP subsidiary regarding the level of the Company's or the Service Company's wages compared to the wages paid by other utilities, service companies, or any other entity.

RESPONSE

Please refer to KPCO_R_KPSC_1_61_Redacted_Attachment8.pdf for market compensation survey information.

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

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

Witness: Andrew R. Carlin

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DATA REQUEST

AG_1_247 Provide the FICA wage base dollars included in total wages paid for the year ended December 31, 2016 and as reflected in the Company's proposed adjusted test year levels.

RESPONSE

Kentucky Power's FICA wage base dollars included in total wages paid for the year ended December 31, 2016 and as reflected in the Company's proposed adjusted test year levels are $55,934,560 and $55,395,036, respectively. Kentucky Power's FICA wage base dollars paid include 100% of Mitchell Plant employee wages paid since all Mitchell Plant employees are employees of Kentucky Power.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_248 Provide the level of incentive compensation/bonus plan related payments included in cost of service.

RESPONSE

Incentive compensation/bonus plan related payments are not included in the cost of service. Please see the Company's responses to AG 1-081 and AG 1-299 for the related expenses which were included in the cost of service for stock-based compensation and incentive compensation, respectively.

Witness: Tyler H. Ross

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DATA REQUEST

AG_1_249 Provide a copy of any Company labor productivity analyses which have been performed during the past three years.

RESPONSE

Please refer to:

KPCO _R_ AG_ 1_249_Attachment1.pdf,
KPCO _R_ AG_ 1_249_Attachment2.pdf and
KPCO _R_ AG_ 1_249_Attachment3.pdf.

Witness: Andrew R. Carlin

DATA REQUEST

AG_1_250 Has the Company considered reducing the amount of post-retirement health care, dental and life insurance coverage? If yes, provide details of any proposed reductions. If no, provide an explanation of why not?

RESPONSE

AEP regularly reviews marketplace trends and potential plan design changes with respect to all of its benefit plans, including its post-retirement benefits, and will continue to do so in the future. In the past, such reviews have led to a number of changes to post-retirement medical benefits, including placing a fixed maximum or "cap" on the amount of the Company's contribution for retiree medical insurance coverage for retirees who retires after January 1, 2013, elimination of retiree medical eligibility for employees hired after January 1, 2014, and implementation of consumer-directed medical plans administered by a single medical vendor as of January 1, 2016 for retirees under age 65.

With respect to post-retirement dental, the vast majority of retirees already cover the full cost of this benefit through their 100% contributions for coverage.

With respect to post-retirement life insurance, AEP eliminated eligibility for coverage for employees hired after January 1, 2011, and reduced the amount of company-provided coverage from one-half of base pay at retirement to a flat $30,000 of coverage for anyone retiring after April 1, 2011.

The Company's review of these post-retirement benefits is part of its commitment to ensure that it is able to offer a market competitive total compensation and benefits package that will allow it to attract and retain employees with the skills necessary to provide safe, reliable, and cost-effective service to the Company's customers. If the Company's ongoing review of post-retirement benefits results in the implementation of reductions in the future, the Company will supplement this response once implementation occurs.

Witness: Curt D. Cooper

DATA REQUEST

AG_1_251 List employee relocation expense for the base and test years and the previous three years. Indicate annually the amounts and accounts in which such expense is recorded. a. Did KPCo incur any costs for employee relocation when it moved its offices from Frankfort, KY to Ashland, KY? If so, provide the number of employees, and the total sums.

RESPONSE

Please refer to KPCO_R_AG_1_251_Attachment1.xlsx for relocation expense requested.

a. Please refer to the Company's response to KIUC 1-46 for relocation costs for employees moving from Frankfort to Ashland.

Witness: Curt D. Cooper

DATA REQUEST

AG_1_252 Provide a complete copy of the Company's policy with respect to employee relocation, including full details as to cost reimbursement.

RESPONSE

Please refer to KPCO _R_ AG_ 1_252_Attachment1.pdf and KPCO _R_ AG_ 1_252_Attachment2.pdf for the details and policy regarding employee relocation.

Witness: Curt D. Cooper

DATA REQUEST

AG_1_253 List each athletic and employee association to which the Company contributes and the associated amounts for the test year and preceding year. State how the Company has treated these expenses for ratemaking purposes in the test year.

RESPONSE

Kentucky Power did not make any contributions to athletic or employee associations during the test year or preceding year.

Witness: Stephen L. Sharp

DATA REQUEST

AG_1_254 List all Company owned automobiles, other than service vehicles, and state the Company's policy for charging employees for the personal use of these automobiles and the Company policy of reporting the personal usage of these automobiles for Federal income tax purposes.

RESPONSE

The meaning of "other than service vehicles" is unclear. Please see KPCO_R_AG_1_254_Attachment1.xlsx for vehicles currently owned. Please see KPCO_R_AG_1_254_Attachment2.pdf for a copy of AEP's policy regarding assigned vehicles.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_255 Does the Company maintain any recreational sites for the use of the public and/or Company employees? If so:
a. Identify each site and the type of recreational facility.
b. State whether each site is for public use or exclusively for employee use.
c. For each site identified in (a) above, state the amount of expense incurred during the test year to maintain it.

RESPONSE

The Company does not own or operate any recreational facilities.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_256 For the test year list all payments made for employee gifts, employee awards, employee luncheons and dinners, employee picnics and all other similar type items. For each, list the dollar amount paid, the payee, the account charged and state the purpose. Provide copies of invoices which exceed $5,000

RESPONSE

Please refer to Section V, Exhibit 2, Workpaper 40 of the Company's Application in this proceeding. The Company has eliminated employee gifts, awards, and activities from the Company's cost of service.

Witness: Stephen L. Sharp

DATA REQUEST

AG_1_257 Identify all expenses incurred during the test year for athletic events, tickets, sky boxes and all sporting activities.
a. Specifically identify the activity and dollar amount.
b. Provide copies of paid vouchers and invoices supporting these expenditures.

RESPONSE

Please refer to Section V, Exhibit 2, Workpaper 40 of the Company's Application in this proceeding. The Company has eliminated sporting events, tickets, and sporting activities from the Company's cost of service.

Witness: Stephen L. Sharp

DATA REQUEST

AG_1_258 List all steps the Company has taken to reduce the cost of medical insurance.
a. Does the Company's insurance coverage require a coordination of benefits and, if so, how does it function?
b. Does the Company plan require a co-pay percentage by the employee? If so, what is the percentage and has it increased over the past three years? State the various levels over the past three years.

RESPONSE

Please refer to Company Witness Carlin's direct testimony at pp. 37-38 for a description of steps AEP has taken to reduce the cost of medical insurance for the company.

a) The Company's three medical plan options all have a standard coordination of benefits (COB) provision that generally provides that if a member has other coverage which is considered primary, that plan will pay benefits first, and the AEP plan will pay benefits second as the secondary plan. As secondary, the AEP plan determines its benefits after those of the primary plan and will reduce benefits it pays so that between the two plans the total benefits received will not exceed the allowable amount of benefits that would have been provided under the AEP plan.

b) Please refer to Company Witness Carlin's direct testimony Exhibit ARC-10, which summarizes the plan designs including coinsurance for the three plan options that AEP currently offers. In 2016, AEP made significant changes to the plans offered by eliminating its "traditional" Preferred Provider Organization ("PPO") plan design and offering three "consumer-directed" medical plans, all with significant deductibles (e.g. $2,000– Health Reimbursement Arrangement ("HRA") plan, $4,000-Health Savings Account ("HSA") Plus plan or $8,100- HSA Basic plan) for family coverage at a network provider. After these deductibles are met, coinsurance for network providers is 10% for HSA Basic and 15% for the other two plans. In 2015, prior to the plan changes, our network provider coinsurance was 15% for the PPO and HRA plans and -0- for the High Deductible plan (which was converted to the HSA Basic plan in 2016.)

Witness: Curt D. Cooper

DATA REQUEST

AG_1_259 For each advertising expense over $10,000 recorded or forecast by the Company during the test year, state the payee, amount, date and purpose. Also provide a copy of the associated invoice and a copy of (or if a non-print ad, the text of) each such advertisement.

RESPONSE

Please refer to KPCO_R_KPSC_1_30_Attachment1.xls and Section V, Exhibit 2, Workpaper 21 of the Company's Application in this proceeding.

Witness: Stephen L. Sharp

DATA REQUEST

AG_1_260 Are there any advertising costs being incurred by the Company which cannot be identified with a specific advertisement? If so, itemize and describe each such cost, and list the associated amounts for the test year.

RESPONSE

No.

Witness: Stephen L. Sharp

DATA REQUEST

AG_1_261 Break down the Company's advertising expense for the test year and the three years, 2014, 2015, 2016, and 2017 (to date) into its components, i.e., labor, overhead, materials and fees to agencies, etc.

RESPONSE

Please refer to KPCO_R_AG_1_261_Attachment1.xls for the requested information.

Witness: Stephen L. Sharp

DATA REQUEST

AG_1_262 Provide a listing of and a copy of any and all Commission Orders the Company has reviewed or relied upon in preparation of its filing in this case concerning the ratemaking treatment of costs for each distinct type of advertising expense it incurs, including but not limited to these categories: (i) sales or promotional, (ii) institutional, (iii) conservation related, (iv) rate case, and (v) other.

RESPONSE

Kentucky Power complies with 807 KAR 5:016 regarding the treatment of advertising expenses.

Witness: Stephen L. Sharp

Kentucky Power Company
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DATA REQUEST

AG_1_263 Does the Company's proposed rate increase include any claim for attrition or suppression of sales or for declining per-customer usage?
a. If so, reference where this is presented. If not, explain fully why not.
b. Provide a complete copy of any and all attrition or customer usage studies or analyses prepared by or for the Company during the period 2014 through 2017.

RESPONSE

No. The Company's filing only reflects customers that ceased operations during the test year and a specific adjustment for one large customer closure.

Witness: Douglas R. Buck

DATA REQUEST

AG_1_264 List by customer and amount and by year for the period 2014 through 2016 and in 2017 (to date) any uncollectible accounts which have been written off and which exceeded $50,000.

RESPONSE

In 2016, Kentucky Power Company recorded a customer accounts receivable charge-off of $62,911. In 2014, 2015 and 2017 to date, Kentucky Power did not have any charge-offs of uncollectible accounts which individually exceeded $50,000.

Witness: Tyler H. Ross

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
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Dated August 14, 2017

DATA REQUEST

AG_1_265 Do any of the Company's personnel actively participate on Committees and/or any other work for any industry organization to which the Company belongs? If so:
a. State specifically which employees participate, how they are compensated for their time (amount and source of compensation), and the purpose and accomplishments of any such association related work.
b. List any and all reimbursements received from industry associations, for work performed for such organizations by Company employees.

RESPONSE

Please refer to KPCO_R_AG_1_265_Attachment1.xls for the requested information.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_266 For each injury and damage claim, where the settlement exceeded $10,000 for the years 2014, 2015, 2016, 2017 (to date) and as forecasted for each year 2017 and 2018, list by year each such claim, the basis for the claim, the dollar amount of the claim paid and the associated legal fees.

RESPONSE

Please see KPCO_R_AG_1_266_Attachment1.xls for settlements in excess of $10,000 for the years 2014, 2015, 2016 and 2017 (to date) related to workers' compensation claims.

No settlements from non-workers' compensation claims were paid by Kentucky Power for these years. The Company was and continues to be fully insured by the Company's liability insurance coverage from first dollar.

The Company does not forecast settlements related to injury and damage claims.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_267 State the amount of injuries and damages expense for each calendar year 2014-2016 and for the test year ending 2/28/2017.

RESPONSE

Please refer to KPCO_R_AG_1_106_Attachment1.xls.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_268 List all fees during the test year and 2014, 2015, and 2016, for maintaining lines of credit. List such fees for each line of credit which the Company maintains. Indicate in which account such fees are recorded.

RESPONSE

Please refer to KPCO_R_AG_1_268_Attachment1.xlsx for the requested information.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_269 Does the Company employ a fringe-benefit or overhead factor to assign overhead costs to specific projects? If so, state what these factors were in 2014, 2015, 2016, and the test year and show in detail how they were calculated.

RESPONSE

Yes. See KPCO_R_AG_1_269_Attachment1.xlsx for the requested fringe rates. The support for the calculations are voluminous. Specific requests for the support of a particular rate can be made available.

The Company updates the labor fringe loading rates quarterly by comparing actual fringe benefit costs with the Company's base labor costs. The components of the Company's labor fringe benefit costs include FICA tax, Federal unemployment tax, State unemployment tax, workers compensation, health insurance, pension costs, OPEB (other post-employment/retirement) costs and savings plan (401k match). The labor base consists of productive wages and paid time off.

The labor fringe benefit loading rate is determined by dividing the fringe costs incurred by the respective wage base incurred.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_270 List each facility, location, and asset which is included as rental expense. For each item include a description, the annual or monthly rental rate, the account, and amount included in the base and test year expense.

RESPONSE

Please refer to KPCO_R_KPSC_2_055_Attachment2.xls in the Company's response to KPSC_2_055.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_271 List storm damage expense for each year for the 10-year period ending with 2016 and for the test year.

RESPONSE

Please refer to KPCO_R_AG_1_271_Attachment1.xls for major storm damage expense (O&M) excluding in-house labor. The Company provided data by calendar year for 2009 through 2016. The Company does not have detail workpapers for the years 2007 and 2008. The Company is providing data taken from the Company's base rate filing in Case No. 2009-00459 for 2008 and 2007, but it is for 12 months ending 9/30/08 and 9/30/07, respectively.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_272 Provide, by year, by account, all affiliated operating expenses charged to Kentucky Power for each of the 3 years 2014 through 2016 plus as forecasted for 2018 and 2019.

RESPONSE

Please see AG_1_162 for the affiliate expense billings to Kentucky Power for 2014, 2015 and 2016.

Please see KPCO_R_AG_1_272_Attachment1.xls for the forecasted affiliate expense billings to Kentucky Power for 2018 and 2019.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_273 Provide a general ledger listing or similar report of all transactions that comprise the corporate and affiliated charges allocated and charged to KPCo for the test year.

RESPONSE

Please refer to Section II, Exhibits U and V for costs directly charged and allocated to Kentucky Power by AEPSC and other affiliates during 2014, 2015, 2016 and the test year ended February 28, 2017

Witness: Tyler H. Ross

DATA REQUEST

AG_1_274 For the periods 2014, 2015, 2016, and 2017, provide the Company's budgeted and actual vegetation management costs, by account.

RESPONSE

Please refer to KPCO_R_AG_1_274_Attachment1.xls for the requested information.

Witness: Everett G. Phillips

DATA REQUEST

AG_1_275 For the periods 2017, 2018 and 2019, provide the Company's budgeted and forecast vegetation management costs, by account.

RESPONSE

Please refer to KPCO_R_AG_1_275_Attachment1.xls for the requested information.

Witness: Everett G. Phillips

DATA REQUEST

AG_1_276 Vegetation Management. For each year 2014 through 2017 (to date), provide, by account, the amount expensed and the amount capitalized for scheduled tree trimming, for enhanced tree trimming, for other right of way clearing and for tree trimming other than scheduled tree trimming and enhanced tree trimming (the costs should exclude all tree trimming costs that are included in the Company's request for storm recovery).

RESPONSE

Please refer to attachment KPCO_R_AG_1_274_Attachment1.xls. for the requested information. The amounts shown excludes all tree trimming expenses and capital costs included in the Company's request for storm recovery.

Witness: Everett G. Phillips

DATA REQUEST

AG_1_277 Vegetation Management. For each year 2014 through 2017 (to date), provide:
a. By account, the amount expensed, the amount capitalized and the amount deferred for storm tree trimming, for other related enhanced tree trimming and for other storm related right of way clearing.
b. The number of distribution and, separately, transmission miles subject to trimming or if the number of miles subject to trimming is not available, provide the total distribution and transmission system miles.
c. Referring to parts "a" and "b" above, break out the requested information between distribution and transmission.
d. The number of miles budgeted for trimming and the number of miles actually trimmed under the Company's scheduled tree trimming. Break out the requested information between distribution and transmission.
e. Under KPCo's planned enhanced tree trimming, the number of miles (or trees) budgeted and the number of miles (or trees) actually performed (removed).

RESPONSE

a. The amount of Vegetation Management cost expensed and capitalized for Distribution and Transmission for the years 2014 through 2017 to date is provided in the response to AG 1-274. Transmission has no deferred storm costs. The distribution deferred storm cost is an O&M expense, and it is provided in the Everett Phillips Direct Testimony on page 27, Table 4 on the Amortization of Major Storm Deferral row for years 2014, 2015 and 2016. The storm deferral cost for January 1 through July 31, 2017 is $1,417,033. These costs are posted to Account 5930010. These deferred O&M costs were previously approved for deferral by the Commission and include all storm related costs including tree trimming and rights-of-way clearing associated with storm restoration.

b. See attachment KPCO_R_AG_1_277b_Attachment1.xlsx for the requested information.

c. Refer to response subparts (a) and (b) for the requested information.

d. Subsequent to the September 30, 2016 filing of the 2017 Vegetation Management Plan Kentucky Power Company shifted 2017 resources from Task 2 work to the more expensive Task 1 work. The shift is designed to enable the Company to complete Task 1 and Task 2 work prior to the date projected in the 2015 plan. Doing so also enables Kentucky Power to reduce its annual revenue requirement in this case by approximately $6.8 million. See attachment KPCO_R_AG_1_277d_Attachment1.xlsx for the requested information.

c. Kentucky Power's 2015 enhanced vegetation management program is limited to the Company's distribution system. Please refer to the Company's response to subpart (d) for the number of planned and actual miles maintained. See attachment KPCO_R_AG_1_277e_Attachment1.xlsx for trees removed.

Witness: Everett G. Phillips

DATA REQUEST

AG_1_278 ARO Depreciation Expense.
a. Provide the ARO depreciation expense recorded in each year, 2014, 2015 and 2016, and for the test year.
b. Show in detail each ARO asset and related ARO liability KPCo has recorded on its books as of each of the following dates: December 31, 2014, 2015, 2016, 2/28/2017 and 6/30/2017.

RESPONSE

a. Please refer to KPCO_R_AG_1_278_Attachment1.xls for the requested information.

b. Please refer to KPCO_R_AG_1_278_Attachment2.xls for the requested information.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_279 Show, by account, all rate base and operating expenses being claimed for KPCo's 50% interest in plant Mitchell in the current rate base proceeding.

RESPONSE

Please refer to KPCO_R_AG_1_279_Attachment1.xls for Kentucky Power's 50% share of Mitchell Plant O&M Expense for the test year ended February 28, 2017.

Please refer to KPCO_R_AG_1_279_Attachment2.xls for Kentucky Power's 50% interest in Mitchell Plant rate base as of February 28, 2017. Kentucky Power's Accumulated Deferred Income Taxes are not maintained by plant and thus Kentucky Power's 50% share of Mitchell Plant Accumlated Deferred Income Taxes are not available.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_280 List KPCo's ten largest commercial and industrial customers and the level of demand and energy sales and revenue from each in 2016 and 2017.

RESPONSE

Please refer to KPCO_R_AG_1_280_Attachment1_Redacted.xlsx for this information.

Witness: Alex E. Vaughan

DATA REQUEST

AG_1_281 Has KPCo added any large commercial or industrial customers since 2/28/2017?
a. If so, list the customers (can be by code to address confidentiality concerns) and identify the MWh sales and revenues related with such customer additions.

RESPONSE

No.

Witness: Alex E. Vaughan

DATA REQUEST

AG_1_282 Have any of KPCO's large commercial or industrial customers told KPCo about expanding operations or increasing electricity purchases during 2016 or in 2017 to date?
a. If so, list the customers (can be by code to address confidentiality concerns) and identify the MWh sales and revenues related with such customer increases in demand or usage.

RESPONSE

Please refer to KPCO_R_AG_1_282_Attachment1.xlsx for the requested information. The amounts indicated in this attachment are fully reflected in the Company's economic sales forecast included in AG 1-346.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_283 Have any of KPCO's large commercial or industrial customers told KPCo about closing operations or decreasing electricity purchases since 2/28/2017?
a. If so, list the customers (can be by code to address confidentiality concerns) and identify the MWh sales and revenues related with such customer changes in demand and/or usage.

RESPONSE

Please refer to the Company's response to AG_1_282.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_284 Provide a complete copy of the Company’s Cost of Service Study in Excel with formulas intact.

RESPONSE

Please refer to KPCO_R_KPSC_1_73_Attachments 32 through 54.xls for the class cost-of-service study and associated workpapers.

Witness: Douglas R. Buck

DATA REQUEST

AG_1_285 Provide a complete copy of the Company's Proposed Revenue Allocation in Excel with formulas intact.

RESPONSE

Please see Attachment KPCO_R_KPSC_1_73_Attachment 35_KPCO_CCOS_-_Test_Year_2017_-_DRB_-_FINAL_-_ KPSC_DR_1-73.xlsx, the "Proposed" tab.

Witness: Douglas R. Buck

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DATA REQUEST

AG_1_286 If the transmission revenue requirement were to remain in KPCo's base rates, as opposed to being tracked through a Rider as KPCo proposes, how would that be accomplished?
a. What specific adjustments to the Company's filing would be necessary to keep the transmission revenue requirement in KPCo's base rates?

RESPONSE

The adjusted test year level of the transmission revenue requirement is included in the Company's proposed base rates. Only the variance from the adjusted test year level is proposed to be tracked and then recovered through Tariff P.P.A.. Therefore, no adjustment to the proposed base rates would be required.

Witness: Alex E. Vaughan

DATA REQUEST

AG_1_287 NERC Compliance and Cybersecurity costs. Identify all NERC compliance and cybersecurity costs, by account:
a. In the test year.
b. In each calendar year, 2014 through 2016.
c. Budgeted and/or forecast for AEP in total for each year, 2017 through 2020.
d. Budgeted and/or forecast for AEP in total for each year, 2017 through 2020, to be allocated or charged to KPCo.

RESPONSE

a-b. Please refer to KPCO_R_KPSC_1_73_Attachment27 for the requested information.

c-d. The information is not available. AEP budgets on an enterprise-wide basis that cannot be disaggregated as requested.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_288 PJM Transmission Costs.
a. Identify all transmission costs, by account, in the test year.
b. Identify all transmission costs, by account, in each calendar year, 2014 through 2016.
c. Identify all transmission costs, by account, budgeted and/or forecast for KPCo for each year, 2017 through 2020.
d. Identify all transmission costs, by account, budgeted and/or forecast for AEP in total for each year, 2017 through 2020, to be allocated or charged to KPCo.
e. Do any other AEP utility operating companies currently have a regulatory commission authorized PJM Rider? (i) If not, explain fully why not. (ii) If so, identify each utility and each docket in each jurisdiction, and provide a complete copy of such rider.
f. For each AEP utility operating company that has a PJM Rider that is similar to KPCo's proposal, identify the date such rider was implemented and the dates and test years used in that utility's last five rate cases.
g. Identify and provide KPCo's prospective rate filing plans (i) with a PJM Rider and (ii) without a PJM Rider.
h. For each year, 2017 through 2020, identify the total amounts, by account, of each type of cost that KPCo is proposing be recovered in a PJM Rider.

RESPONSE

a. See the Company's response to AG 1-176.
b. See KIUC 1-76 for for the Company's PJM LSE OATT expense for the calendar years 2014-2016.
c. See the Company's response to KIUC 1-67, specifically KPCO_R_KIUC_1_67_Attachment1.xlsx for forecasted PJM LSE OATT expense amounts for Kentucky Power and AEP East in total.
d. See the Company's response to part c.
e. Yes. All other AEP utility operating companies in PJM have a mechanism that provides for recovery of PJM costs. The tariffs for each company are publicly available on www.aep.com and identify the docket in which the latest tariff was approved.
f. Kentucky Power objects to this request as being unduly burdensome. The docket in which each tariff is identified on www.aep.com as described in response to subsection (e). Orders approving these tariffs are available from the state regulatory commissions that approved each tariff.

g. Kentucky Power is not proposing a "PJM Rider" but rather to track annual net PJM LSE OATT charges and credits and recover or credit any variance between that amount and the amount in base rates via Tariff P.P.A. The Company does not have a rate filing plan for a subsequent rate case as the decision on when a future rate case would be filed depends upon a number of factors, not just the outcome with respect to proposed Tariff PPA.

h. The Company is not proposing a "PJM Rider" in this proceeding. See the Company's Response to AG_1_178 for PJM LSE OATT expense projections.

Witness: Alex E. Vaughan

DATA REQUEST

AG_1_289 Identify all Surcharge and Rider increases and rate changes by date and bill impact that have been imposed on KPCo's customers since the Commission's June 22, 2015 Order in Case No. 2014-00396.

RESPONSE

Kentucky Power objects to this request as unduly burdensome. Since the Commission's Order dated June 22, 2015 in Case No. 2014-00396, the Company has updated its system sales clause, fuel adjustment clause, purchase power adjustment clause, and environmental surcharge on a monthly basis. The Company's capacity charge, Big Sandy 1 Operation Rider, and Big Sandy Retirement Rider (Decommissioning Rider) are updated on an annual basis. Because of the frequency of the changes in rates, the requested analysis cannot be performed.

Additionally, the Company updated its base fuel rate in October 2015. There would be no bill impacts resulting from the update of the base fuel rate because fuel costs are either recovered through the base fuel component or the fuel adjustment clause.

Witness: Alex E. Vaughan

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DATA REQUEST

AG_1_290 Transmission Function Revenues and Expenses.
a. For each year, 2014 through 2016, identify the total amounts, by account, of each type of transmission, revenue, cost and investment that KPCo had recorded.
b. For the test year identify the total amounts, by account, of each type of transmission, revenue, cost and investment that KPCo had recorded.
c. Using the test year amounts identified in response to part b, show in detail exactly which items KPCo is proposing be recovered in the PJM Rider, and which transmission costs would remain in KPCo's base rates.

RESPONSE

a & b. For the requested transmission function expense and revenue account information see KPCO_R_AG_1_290_Attachment1.xlsx. For the requested transmission investment information see KPCO_R_AG_1_290_Attachment2.xlsx.

c. The Company's application does not include a proposed "PJM Rider". It does however include a proposal to recover the difference between actual PJM LSE OATT expense and what is included in the Company's base rates. See the Company's response to AG1-176 for the FERC account detail and test year amounts of the PJM LSE OATT expense items that the Company is proposing to track through Tariff PPA.

Witness: Alex E. Vaughan

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DATA REQUEST

AG_1_291 Sales for Resale.
a. Identify and provide the sales for resale by account for each calendar quarter for January 1, 2014 through June 30, 2017.
b. Show the amounts of purchased power expense, by account, for each calendar quarter for January 1, 2014 through June 30, 2017.

RESPONSE

a. Please refer to KPCO_R_AG_1_291_Attachment1.xls.

b. Please refer to KPCO_R_AG_1_291_Attachment2.xls.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_292 System Sales Margins.
a. How much system sales margin has KPCo reflected in its proposed revenue requirement? Exactly where in KPCo's filing is that reflected?
b. How much system sales margin has KPCo recorded during each month of 2016 and 2017?

RESPONSE

a. The Company has included a credit of $7,163,948 in its base revenue amount. Please refer to KPCO_R_KPSC_1_73_Attachment79_AEVWP9.xlsx for the test year amounts and Section V, Exhibit 2, W08.

b. Refer to KPCO_R_AG_1_292_Attachment1.xlsx for the requested information.

Witness: Alex E. Vaughan

DATA REQUEST

AG_1_293 Kentucky Power jurisdictional cost of service allocation. For each rate base account and for each revenue and operating expense account, show the Kentucky Power jurisdictional cost of service allocation as a percentage of the total cost in each such account.

RESPONSE

The requested values can be directly calculated from Section V, Schedule 4, provided electronically in the Company's response to KSPC 1-73 as KPCO_R_KPSC_1_73_Attachment3_Section_V_Schedules_TYE2-28-2017_FINAL.xlsx, and in the supplemental response as KPCO_SR_KPSC_1_73_SupplementalAttachment3_SectionVSchedules_TYE2-28-2017_FINAL.xlsx.

Witness: Katharine I. Walsh

DATA REQUEST

AG_1_294 Compensation. Refer to the Direct Testimony of Company witness Carlin.
a. For 2015 through June 2017, has the Company taken steps to control compensation by (1) substantially reducing the use of external contractors and temporary employees, or (2) reducing the employee workforce through staff reductions, severance programs or attrition?
b. If so, identify, quantify, and explain all steps taken in such regard.
c. Explain fully and in detail whether the Company's filing reflects the impacts of each of the cost reduction steps noted above in part a. If so, quantify and identify, by amount and account, where these cost reducing impacts are reflected in the Company's filing. If not, explain fully why not.
d. Are additional steps being taken in 2017? If not, explain fully why not. If so, identify and explain each step and its annual input.
e. When was the last severance program? What was its cost and how much savings was produced?

RESPONSE

a. The Company took several actions during the 2015 through June 2017 period to control compensation by reducing the use of external contractors and reducing the size of the employee workforce.

b. The largest of these actions was the staff reduction at the Big Sandy plant in association with its conversion to a gas fired unit and the shutdown of a unit, which primarily took place from December 2014 through January 2016. There have been 29 positions eliminated as the result of the Big Sandy plant conversion.

The Company also undertook LEAN and continuous improvement efforts to mitigate future rising costs, which streamlined work and reduced the number of work hours required for various functions and services. While these efforts improved efficiency, the efficiency savings was generally offset by efforts to reduce backlog, increase work volume, reduce overtime expense and improve safety within these departments, as well as by the demand for labor for new initiatives in other departments, such as the Company's customer experience improvement initiative. As a result, no employee positions were eliminated except for those attributable to the Big Sandy plant fuel conversion.

c. The large majority of the Big Sandy severances took place prior to the test year so only a small portion on the expense and related cost savings occurred in the test year. Specifically, the

Company's filing includes $50,606.05 in severance expense in the test year. Please refer to KPCO_R_AG_1_294_Attachment1_Redacted.xlsx for these amounts.

None of the severed employee recieved compensation during the March 3, 2014 pay period used for the labor annualization adjustment in Section V, Exhibit 2 W35. Therefore, the effect of the labor cost savings were removed by the labor annualization adjustment in Section V, Exhibit 2 W35 that takes the test year end employment levels and multiplies that by the test year end labor rates. This results in Kentucky Power's proposed rates including the level of labor expense after the severance.

Since the employee and contract labor reductions that resulted from LEAN and continuous improvement initiatives were absorbed within the departments or functions involved or reallocated to other areas of the Company, there were no overall net compensation expense savings.

d. Continuous improvement and other efficiency initiatives will be ongoing for the remainder 2017 and beyond. However, it is anticipated that any further staff reductions that result will continue to be fully absorbed within the Company. As such, no overall net compensation expense saving is anticipated.

e. The most recent Company severance program was related to the Big Sandy plant fuel conversion and unit closure that primarily took place from December 2014 through January 2016. The total cost of the Big Sandy severances was $3.2M and these severances reduced wages (including FICA) by $2.6M per year. These severances were necessary because the Big Sandy plant no longer required the positions that were eliminated after it was converted to burn natural gas. They were not implemented as part of a cost savings initiative other than to restructure Big Sandy plant staffing to the level needed going forward.

Witness: Andrew R. Carlin

DATA REQUEST

AG_1_295 Compensation. Refer to the Direct Testimony of Company witness Carlin. Quantify and explain fully and in detail how the Company's target total cash compensation (base pay plus annual incentive compensation) and target total direct compensation (total cash compensation plus target long-term incentive compensation) have grown since the Company's last rate case. Show detailed calculations.

RESPONSE

The Company objects to this data request on the grounds that it is unduly burdensome and overly broad.

Without waiving these objections, the Company states as follows:

Please refer to KPCO_R_AG_1_295_Attachment1.xlsx, which provides an analysis of target compensation changes approximately categorized by cause.

Each change in employment, base pay and incentive target for each employee has effects on the overall target total cash compensation (TTCC) and target total direct compensation (TTDC) for the Company. The AEPSC compensation staff periodically analyzes TTCC and TTDC relative to market competitive compensation, such as when entering labor negotiation, considering wage increase budgets and as needed by Operating Companies for rate case support. The relevant TTCC and TTDC comparison is to market competitive compensation, rather than continuously tracking TTCC and TTDC changes over time as the data request suggests. There is no practical or reasonable need for the Company to continuously track the level of the Company's TTCC and TTDC. Therefore, the Company does not maintain the multitude of employment, job, base pay and incentive target records that affect Company total TTCC and TTDC in a manner that can be readily compiled to show the requested changes over time and, to the Company's knowledge, this information has never compiled in this manner previously.

Please also refer to Tables ARC-2 and ARC-3 on pp. 18 and 21 of Witness Carlin's direct testimony. These tables quantify the impact of the Company's annual wage increase budgets on the Company's TTCC and TTDC and show that employee pay has not caught up to market in any category. For a detailed explanation of total cash compensation earned by employees and its continuing below-market median position, please see Witness Carlin's direct testimony commencing on page 14. III. Competitiveness of Total Compensation.

Witness: Andrew R. Carlin

DATA REQUEST

AG_1_296 Incentive Compensation. Identify all KPSC orders of which the Company is aware that address whether and to what extent incentive compensation costs are allowable in a utility's revenue requirement.

RESPONSE

Kentucky Power objects to this request. The Attorney General is capable of reviewing the orders of the Commission addressing incentive compensation and reaching his own legal conclusion as to how they apply to the Company's application. The Attorney General may not shift this task to the Company. Further, the Company objects to this request to the extent it seeks the mental impressions, conclusions, opinions, and legal theories of counsel.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_297 Incentive Compensation.
a. Does the Company's incentive compensation include any measures that are impacted by parent company (American Electric Power) earnings per share (EPS) or by AEP earnings achievement?
b. If so, explain fully and in detail, and show the impact on the Company's requested amounts of test year expense.
c. Are the EPS funding measure and incentive compensation in general a mechanism for aligning the interests of participating employees and AEP shareholders? If not, explain fully why not.

RESPONSE

a. Yes. AEP's performance units include an AEP Operating Earnings Per Share (EPS) measure (50% weight) and a relative Total Shareholder Return (TSR) measure (50% weight) that is impacted by AEP's earnings achievement.

None of the primary measures in any of the Company's annual incentive plans are impacted by parent company (AEP) EPS or earnings achievement. However, for 2017 and 2016, the funding metrics for all of the annual incentive plans, except the Trading & Marketing Plan, are 70% and 75% based on AEP earnings, respectively.

b. The Company does not record separate ledger entries to identify the various metrics that impact the calculation of ICP. Once the funding is established (see response to item a.), incentive compensation for Kentucky Power employees is further determined based on achievement scores of several separately identified Company functional groups.

Please refer to KPCO_R_KIUC_1_30_Attachment1.pdf for a further description of the Company's annual incentive plan.

Please refer to Section V, Exhibit 2, Adjustment W32 for Company Witness Ross' incentive compensation cost of service adjustments for Kentucky Power employees.

c. No. AEP's current annual incentive plans include a "Modifier" rather than an "EPS Funding Measure," which was last used in 2012. This change was made because of the addition of measures other than EPS to the Funding Measures for annual incentive compensation. The term "Modifier" is also fitting because its primary purpose is to be a normalizing factor that ensures that annual incentive compensation provides performance differentiated awards to each group that equal the amount of funding available and, therefore, will not impair the Company or AEP financially.

There are many reasons and customer benefits for the EPS measure, which is 75% and 70% of the Modifier for 2016 and 2017 respectively. Please refer to Company Witness Carlin's testimony p. 24, line 4 through p. 28, line 5 for a full description.

The primary purpose of incentive compensation is to provide market competitive compensation, which enables the Company to attract motivate and retain the suitably skilled, knowledgeable and experienced workforce the Company needs to efficiently and effectively provide service to its customers.

Witness: Tyler H. Ross
Andrew R. Carlin

DATA REQUEST

AG_1_298 Long-Term Incentive Compensation. Refer to the Direct Testimony of Company witness Carlin. Identify all expenses requested by the Company in the test year that are related to achievement of total shareholder return (TSR) and EPS measures. Include supporting calculations.

RESPONSE

Please refer to the Company's response to KIUC 1-31.

Witness: Tyler H. Ross
Andrew R. Carlin

DATA REQUEST

AG_1_299 Incentive Compensation. Identify and provide a complete copy of all incentive compensation plans for which KPCo is claiming expenses.
a. Show the amount of expense that KPCo is claiming, by account, for each such incentive compensation plan.

RESPONSE

Please refer to KPCO_R_KIUC_1_30_Attachment_1.pdf, for incentive compensation plans for which Kentucky Power is requesting the employee earned amount to be included in its cost of service for rate making purposes.

a. Please refer to KPCO_R_AG_1_299_Attachment_1.xlsx for the requested information.

Witness: Tyler H. Ross
Andrew R. Carlin

DATA REQUEST

AG_1_300 Refer to the Direct Testimony and exhibits of Company witness Elliott. Provide each of Mr. Elliott's Exhibits that were prepared with Excel, electronically in Excel with all formulas and calculations intact.

RESPONSE

Please refer to the Company's August 28, 2017 supplemental response to KPSC 1-73.

Witness: Amy J. Elliott

DATA REQUEST

AG_1_301	Unit Power Agreement. Does KPCo have a Unit Power Agreement with AEP Generating Company? If "yes" explain fully and: a. Provide a copy of the Unit Power Agreement ("UPA") between KPCo and AEP Generating Company. b. Confirm that the UPA is the same as the Unit Power Supply Agreement ("UPSA") which was approved by the Commission in its Order dated October 25, 2004 in Case No. 2001-00420. If not confirmed, explain fully why not, and provide a copy of the UPA applicable to Rockport. c. Identify all FERC proceedings from 2004 through 2017 that have addressed the Rockport Unit Power Supply Agreement. d. Identify all costs, by account, that the Company is requesting in the test year related to the Rockport Unit Power Supply Agreement. e. Identify and provide all invoices to the Company in 2015, 2016 and 2017 (to date) related to charges associated with the Rockport Unit Power Supply Agreement.

RESPONSE

a. Please refer to the Company's response to AG 1-2 for the requested information.

b. The Company cannot confirm the statement. The Commission by order Dated December 13, 2004 approved the Stipulation and Settlement Agreement among Kentucky Power Company, Kentucky Industrial Utility Customers, Inc, and the Office of the Attorney General Office of Rate Intervention in Case No. 2004-00420.

Please refer to the Company's response to AG 1-2 for a copy of the Unit Power Agreement.

c. Docket ER13-286 was the only FERC proceeding addressing the Rockport Unit Power Supply Agreement in the years from 2004 through 2017.

d. Rockport purchase power is recorded in the test year in accounts 5550027 and 5550046 in the amounts of $51,785,042 and $48,218,333, respectively. There were no specific adjustment to these accounts in the test year.

e. Please refer to the Company's response to KIUC 1-43 for the requested information.

Witness: Ranie K. Wohnhas
Matthew J. Satterwhite

DATA REQUEST

AG_1_302

2017 Environmental Compliance Plan. Refer to Direct Testimony and Exhibits of Company witness Elliott.
a. Does the Company's Environmental Compliance Plan include any costs for Rockport related environmental projects? If so, which projects?
b. Are all of the capital costs for the Rockport related environmental projects billed to KPCo in accordance with the terms of the Unit Power Agreement that expires in December 2022?
c. Show in detail how each amount for a Rockport environmental project was derived and show detailed calculations of the amounts charged to KPCo.
d. Does the Company's Environmental Compliance Plan include any costs for Mitchell related environmental projects? If so, which projects?
e. Show in detail how each amount for a Plant Mitchell environmental project was derived and show detailed calculations of the amounts charged to KPCo.

RESPONSE

a. Yes, the Company's Environmental Compliance Plan includes Rockport projects. Please refer to Exhibit AJE-1 for a complete listing of projects included in the Company's Environmental Compliance Plan.

b. Yes.

c. The total environmental project amounts included within the Rockport bill are not segregated by individual project. Therefore, calculations of amounts charged to Kentucky Power by individual project are not available.

d. Yes, the Company's Environmental Compliance Plan includes Mitchell projects. Please refer to Exhibit AJE-1 for a complete listing of projects included in the Company's Environmental Compliance Plan.

e. The Company updates the Michell environmental Plant each month on a work order basis. An example of how this amount was calculated for February 2017 is included as KPCO_R_AG_1_302_Attachment1.xlsx.

Witness: Amy J. Elliott

DATA REQUEST

AG_1_303 Show how much Rockport capacity charge KPCo collected in each year, 2014 through 2016 and for 2017 to date.

RESPONSE

2014: $5,820,505

2015: $5,675,773

2016: $6,018,406

2017 (Through July): $3,821,843

Witness: Amy J. Elliott

DATA REQUEST

AG_1_304 Rate case expense.
a. Show in detail the components of the company's requested rate case expense.
b. How much of the Company's requested rate case expense is for KPCo labor?
c. How much is for AEPSC labor?
d. How much has been incurred through February 28, 2017?
e. How much has been incurred through July 31, 2017?
f. Provide invoices for amounts incurred through July 31, 2014.

RESPONSE

a, d, e, & f. Please refer to the Company's initial and supplemental responses to KPSC 1-56 for the requested information.

b & c. None.

Witness: Amy J. Elliott

DATA REQUEST

AG_1_305 Postage. Does the Company have any program in which customer bills are transmitted electronically, e.g., through email? If so, provide the following information:
a. Identify the number of bills transmitted electronically each month in 2016 and 2017.
b. Identify the number of customers that elected into the electronic bill transmittal program as of each month-end in 2016 and 2017.

RESPONSE

a-b. Please refer to KPCO_R_AG_1_305_Attachment1.xls for the requested information.

Witness: Stephen L. Sharp

DATA REQUEST

AG_1_306 Postage.
a. Identify the Company's total postage expense, by account, for each month in 2016 and 2017.
b. Identify the Company's postage expense, by account, for calendar years 2016 and 2017.
c. Identify the number of bills and notices mailed in the last complete billing cycle of the test year.
d. Identify the number of bills, notices and letters mailed each month of 2016 and 2017.

RESPONSE

a,b and d. Please refer to KPCO_R_AG_1_306_Attachment1.xls for the requested information.

c. During Kentucky Power's last complete billing cycle, January 31, 2017 to February 28, 2017, the Company mailed 155,857 bills and notices.

Witness: Stephen L. Sharp

DATA REQUEST

AG_1_307 Property tax expense.
a. Show in detail how the Company estimated the property tax expense for the Mitchell Plant (1) in total and (2) for KPCo's share.
b. What amount of property tax expense is the Company claiming for environmental control equipment at the Mitchell Plant? Show in detail how that amount was derived.

RESPONSE

a. Please See attachment KPCo_R_AG_1_307_Attachment1.pdf. Kentucky Power Company now has a separate, individualized assessment in WV, so its share is 100%.

b. Please refer to the property tax calculation within the FGD and Non-FGD tabs of KPCO_R_KPSC_1_73_Attachment87_FGD_Rev_Costs_Adjustments.xlsx for the requested information.

Witness: Amy J. Elliott
Mark A. Pyle

DATA REQUEST

AG_1_308 Coal inventory.
a. Show in detail how the level of coal supply for Plant Mitchell proposed by the Company was derived.
b. Provide the amount of coal burn (tons, total cost and cost per ton) at Plant Mitchell for each month during the period January 2014 through June 2017.
c. Provide the amount of coal in inventory at Plant Mitchell (tons, total cost and cost per ton) for each month end during the period December 31, 2013 through June 30, 2017.

RESPONSE

a. Please refer to KPCO_R_AG_1_308_Attachment1.pdf for the requested information.

b. Please refer to KPCO_R_AG_1_308_Attachment2.xls for the requested information.

c. Please refer to KPCO_R_AG_1_308_Attachment3.xls for the requested information.

Witness: Amy J. Elliott

DATA REQUEST

AG_1_309 Economic Development.
a. Clarify which amounts KPCo is attempting to recover from ratepayers for economic development and show in detail how each of those amounts were developed.
b. Clarify which amounts are being funded by shareholders.
c. Was any economic development in KPCo's service area achieved in 2015, 2016 or 2017? (i) If not, explain fully why not. (ii) If so, identify, quantify and explain the additional MWH sales and job creation that resulted in each year, 2015, 2016, and 2017, from KPCo's economic development efforts.
d. Does KPCo project that any economic development in KPCo's service area will be achieved in 2017 or 2018? i. If not, explain fully why not. ii. If so, identify, quantify and explain the additional MWH sales and job creation that is expected by KPCo to result in each year, 2017 and 2018, from KPCo's economic development efforts (1) without the additional ratepayer-charged funding and (2) with the additional ratepayer-charges that KPCo is proposing.

RESPONSE

a. Page 26 of the testimony of Company Witness Hall states that funds provided to Kentucky Power by the AEP Economic and Business Development Group were wholly shareholder-provided funds. Kentucky Power has determined that these funds are included in the Company's cost of service. Kentucky Power intends to continue to recover these funds through rates. Since 2012, these funds have averaged $54,000 per year. Kentucky Power also collects funds for the K-PEGG program from customers through the KEDS. The Company matches on a dollar-for-dollar basis those funds collected through the KEDS. Kentucky Power is requesting to expand its K-PEGG program by increasing the KEDS and the associated dollar-for-dollar Company match by $0.10 per meter per month. Additional information about the proposed expansion of the K-PEGG program is provided in Section VIII of the testimony of Company Witness Hall.

b. All other economic development funding, not described in subpart a above, is provided by theCompany's shareholder.

c. Yes, Kentucky Power's economic development efforts have resulted in new industrial development in the service territory. Information about the projects arising, in part, from the Company's economic development efforts is provided on page 12 of the testimony of Company

Witness. For these projects, the Company anticipates the addition of approximately 74 MW of demand from additional load when these projects are fully realized. In addition to these projects, the Company's economic development efforts have assisted in closing the gaps identified in the 2012 InSite Gap Analysis. Additional information about how the Company has closed these gaps is found in the testimony of Company Witness Hall.

b. Yes. Kentucky Power anticipates continued economic development success in 2017 and 2018. However, until specific projects are announced and details about the projects' needs for job creation and electricity usage are known, the Company cannot estimate how those future projects will affect energy sales or jobs in the service territory. Additional information about the general impact of expanding the K-PEGG program on the Company's economic development efforts is provided in Section VIII of the testimony of Company Witness Hall.

Witness: Brad N. Hall

DATA REQUEST

AG_1_310 Rockport.
a. Is KPCo proposing to charge Rockport fixed charges on the basis of a per-kWh charge to customers?
b. Would it make sense for KPCo to charge Rockport fixed charges on the basis of a fixed monthly charge, rather than on the basis of a per-kWh charges that will vary with kWh usage? If not, explain fully why not.

RESPONSE

a. To the extent that a tariff does not have a full cost service charge and full cost demand charge, some fixed costs will necessarily be collected through an energy charge.

b. From a cost causation standpoint it would make sense to recover Rockport fixed costs through a demand charge where practical, because generation fixed costs are considered to be caused by the level of kW demand rather than the number of customers connected to the Company's electric delivery system.

Witness: Alex E. Vaughan

DATA REQUEST

AG_1_311 Reconnect charges.
a. Is the Company proposing any increases to reconnect charges or to non-recurring charges?
b. If "yes" identify, quantify and explain those increases.
c. What amount of additional revenue for each type of reconnect charge and non-recurring charge has KPCo reflected in the development of its proposed base rate revenue deficiency?

RESPONSE

(a-c). Kentucky Power is not proposing any increases to reconnect charges or to non-recurring charges.

Witness: Stephen L. Sharp

DATA REQUEST

AG_1_312 Income Taxes, Section 199 Deduction. Refer to the testimony of witness Bartsch.

a. Identify and provide a copy of all separate return based calculations of the section 199 deductions for KPCo for each tax year 2014 through 2016 and for the test year.

b. Identify and provide all consolidated AEP Calculations of the section 199 deduction for each tax year, 2014 through 2016.

c. Identify and provide all tax forms and supporting schedules filed with AEP consolidated federal income tax returns for each tax year, 2014 and 2015, related to each of the following: (1) consolidating information, (2) section 199 deduction, (3) tax depreciation, and (4) repairs deductions.

d. How much tax benefit of the §199 deduction has the Company reflected in the test year?

e. Have the amounts of §199 deduction for KPCo for the test year, or for tax years 2014, 2015 or 2016 been impacted in any way by KPCo's participation in the AEP consolidated federal income tax return? If so, identify, quantify, and explain all such impacts.

f. Is it KPCo's position that the Section 199 deduction has provided KPCo with tax savings in some years, but will not necessarily provide a net tax savings in all years?

g. Should a multiple year average of the results of the Section 199 deduction be used for the ratemaking impact on KPCo for the Section 199 deduction? If not, explain fully why not.

h. Does KPCo expect that the operation of the Mitchell plant will qualify as domestic production activities? If not, explain fully why not.

i. Does the Big Sandy plant generate any Section 199 deduction? If not, explain fully why not. If so, how is that calculated, and how much is allocated to KPCo.

j. Does the Rockport plant generate any Section 199 deduction? If not, explain fully why not. If so, how is that calculated, and how much is allocated to KPCo.

k. Did KPCo obtain any tax benefits from its purchase of capacity and power from the Rockport plant? If not, explain fully why not. If so, identify, quantify, and explain the tax benefits to KPCo.

RESPONSE

a. Please refer to the Company's response to AG 1-115.

b. Please refer to the Company's response to AG 1-115.

c. Please refer to the Company's response to AG 1-115.

d. None. Please refer to Company Witness Bartsch's direct testimony pp 3 to 6.

e. The computations reflected on KPCO_R_AG_1_312_Attachment1.xlsx were calculated in accordance with the Company's elections surrounding the computation of the Section 199 deduction. On a stand-alone basis, the Company would not have been able to make a Section 199 deduction on any tax return between 2013 thru 2015. The Company is a member of an expanded affiliated group and the interest expense allocated to the Section 199 computation was done in conformity with the requirements of the §1.861 requirements.

The allocated interest expense under the §1.861 requirements was less than the amount that would have been assigned to the Section 199 computation had only the Company's stand alone interest expense been used in the computation. Said another way, the §1.861 methodology interest expense was less than the company's stand-alone interest expense.

f. Yes.

g. Yes.

h. Yes, however, the retirement of Big Sandy 2 would also impact the Section 199 deduction.

i. Similar to the Company's owned generation units, in some years the Big Sandy Plant generates a Section 199 deduction and in some years it does not.

j. Similar to the Company's owned generation units, in some years the Rockport Plant generates a Section 199 deduction and in some years it does not.

k. AEP Generating Company (AEG) bills all costs associated with the Rockport Plant to Kentucky Power (30%) and I&M (70%). These costs include fuel, depreciation, O&M, taxes, etc. All tax expenses get billed out dollar for dollar. These taxes include, property, payroll, current income, deferred income and state income taxes. If AEG incurs any tax expense or a tax benefit, Kentucky Power will receive 30% of that expense or benefit through the normal monthly billing process.

Witness: Mark A. Pyle

DATA REQUEST

AG_1_313 Income taxes. Parent company loss.
a. Show the amount of the AEP parent company loss that was reflected on each AEP consolidated federal income tax return for each tax year, 2014 through 2016.
b. Show how much of the AEP parent company loss that was reflected on each AEP consolidated federal income tax return for each tax year, 2014 through 2016, has been allocated as a reduction to KPCo income tax expense in each year. Include supporting calculations.
c. What amount of reduction for the AEP parent company loss has been reflected as a reduction to KPCo income tax expense in the Company's current rate case? Where is that reflected, and how was it calculated? Show supporting calculations in detail.

RESPONSE

a. Please refer to KPCO_R_AG_1_313_Attachment1.xlsx and KPCO_R_AG_1_313_Attachment2.xlsx. The 2016 federal income tax return has not yet been completed.

b. See response to a. above.

c. There was no reduction to the Company's tax expense in this filing due to the AEP Parent Company Loss Allocation (PCLA). In this filing, the Company followed past precedent in Commission Case Nos. 2005-00341, 2009-00459 and 2014-00396 and did not include the PCLA in the determination of income tax expense. The Commission explicitly stated on page 23 of its Order in Case 2014-00396 that "The Commission finds that the AG's proposal to include the PCLA in Kentucky Power's federal income tax expense is inappropriate. This recommendation, if adopted, would represent a significant departure from over 25 years of the Commission's established and balanced policy prohibiting affiliate cross-subsidization. Therefore, the "stand-alone" approach the Commission has historically used shall be used to allocate income tax liabilities for Kentucky ratemaking purposes. Accordingly, we deny the AG's proposed adjustment for ratemaking purposes".

Witness: Mark A. Pyle

DATA REQUEST

AG_1_314 Rockport.

a. Has any FERC Order approved a 12.16% return on equity for the Rockport Plant? If so, identify and provide the FERC order that approved the 12.16% return on equity for the Rockport Plant, together with the filings made by AEP and/or its affiliates.

b. Show in detail the capital structure and capital costs that KPCo is using for the Rockport Plant.

c. Is the Rockport Plant operated by KPCo's affiliate, Indiana and Michigan Electric Company?

d. Has the return on equity for the Rockport plant ever been addressed by the Indiana or Michigan regulatory commissions? (i) If so, identify the last three Indiana proceedings to address the return on equity. (ii) Identify the last three Michigan PSC proceedings to address the return on equity.

e. Has KPCo ever used a 12.16% return on equity for the Rockport Plant in any other rate case or regulatory proceedings before the Kentucky PSC? (i) If not, explain fully why not. (ii) If so, identify all previous proceedings before the Kentucky PSC wherein KPCo used a 12.16% return on equity for the Rockport Plant.

f. What risks are being borne by KPCo for the Rockport Plant that would justify using a return on equity of 12.16%?

g. What revenue requirement for the Rockport UPA was approved by FERC?

h. How does the Company's request in the current rate case for Rockport UPA costs compare with the Rockport UPA revenue requirement last approved by FERC? Identify, quantify, and explain any differences.

i. Identify all amounts of cost, by account, associated with the Rockport UPA that are included in KPCo's requested revenue requirement in the current case.

RESPONSE

a. Please see the following documents for the most recent filings that include the 12.16% return on equity and the most recent FERC order related to those filings:

"KPCO_R_AG_1_314_Attachment1.pdf"
"KPCO_R_AG_1_314_Attachment2.pdf"
"KPCO_R_AG_1_314_Attachment3.pdf"

b. The Company updates its capital structure used in the Rockport environmental surcharge revenue requirement calculation on a monthly basis based on the month's Rockport Unit Power bill.

c. The Rockport Plant is operated by Indiana Michigan Power Company.

d. The return on equity and capital structure used in billings for purposes of the Rockport Unit Power Agreement (UPA) are established in the FERC-approved agreement and not the decisions of the Indiana Utility Regulatory Commission (IURC) or the Michigan Public Service Commission (MPSC). Because the UPA is a FERC-jurisdictional contract, state commissions do not review the UPA ROE for reasonableness. The information sought thus is irrelevant and not reasonably calculated to lead to discovery of admissible evidence.

e. Company has always used the FERC-approved return on equity for the AEG share of the Rockport plant consistent with the UPA. Examples of proceedings in which the Company used 12.16% ROE for Rockport include but are not limited to:

KPSC Case No. 2005-00068
KPSC Case No. 2005-00341
KPSC Case No. 2006-00128
KPSC Case No. 2006-00307
KPSC Case No. 2007-00381
KPSC Case No. 2009-00038
KPSC Case No. 2009-00316
KPSC Case No. 2009-00459
KPSC Case No. 2010-00020
KPSC Case No. 2010-00318
KPSC Case No. 2011-00031
KPSC Case No. 2012-00273
KPSC Case No. 2013-00141
KPSC Case No. 2013-00325
KPSC Case No. 2014-00052
KPSC Case No. 2014-00322
KPSC Case No. 2014-00396
KPSC Case No. 2015-00113
KPSC Case No. 2015-00280
KPSC Case No. 2016-00109
KPSC Case No. 2016-00336

KPSC Case No. 2017-00072

f. The 12.16% return on equity is established in the FERC-approved UPA.

g. Please see the Company's response to item (a) above for the FERC-approved formula rate.

h. All Rockport-associated costs flow through the FERC-approved UPA. The Company has not performed the requested analysis.

i. Please refer to the Company's response to AG 1-301 for the requested information.

Witness: Ranie K. Wohnhas
Matthew J. Satterwhite

DATA REQUEST

AG_1_315

Mitchell FGD.
a. Has the Company included any costs related to Mitchell FGD in its requested revenue requirement?
b. If so, identify, quantify, and explain those amounts.
c. Confirm KPCo's understanding that the Attorney General did not sign the settlement agreement for the Mitchell FGD system for which KPCo has incurred cost. If not, explain fully.
d. When did the Mitchell FGD become operational?
e. What was the cost of the Mitchell FGD by account by month through February 28, 2017?
f. Identify and provide all budgeted amounts for the Mitchell FGD by account by month, for the period January 1, 2017 through June 30, 2020.
g. Identify the costs, by month, for the period January 2014 through June 30, 2020, by account for each of these Mitchell FGD O&M expenses which are listed on page 17: (i) gypsum disposal, (ii) limestone, (iii) lime hydrate, (iv) polymer, (v) maintenance, (vi) property taxes, and (vii) depreciation.
h. Does the Company agree that the Mitchell FGD is located in West Virginia and per West Virginia statutes such as West Virginia Code § 11-6F and response to discovery from KPCo's affiliate, Appalachian Power Company in a recent West Virginia rate case, qualifying pollution control equipment for purposes of ad valorem property taxation has a reduced assessment, based on its salvage value, which for purposes of that West Virginia code section is five percent of the certified capital addition property's original cost. Consequently, this West Virginia statutory provision creates an effective 95 percent exemption for qualifying pollution control equipment for West Virginia property tax purposes. Consequently, West Virginia pollution control facilities are 95 percent exempt from West Virginia property taxes, specifically:

The exempt plant amount consisted of pollution control facilities. As defined in the West Virginia Code § 11-6A-2, "pollution control facility" means any personal property designed, constructed or installed primarily for the purpose of abating or reducing water or air pollution or contamination by removing, altering, disposing, treating, storing or dispersing the concentration of pollutants, contaminants, wastes or heat in compliance with air or water quality or effluent standards prescribed by or promulgated under the laws of this state or the United States, the design, construction and installation of which personal property was approved as a pollution control facility by either the office of water

resources or the office of air quality, both of the division of environmental protection, as the case may be. As defined in § 11-6A-3, "the value of a pollution control facility ... shall ... be deemed to be its salvage value ..." This is normally approximated by the state at 5 percent of original cost. Therefore, the amount of plant for each year was 95% exempt.

If KPCo does not so agree, explain fully why not.

i. In calculating the estimated property tax expense for the Mitchell FGD, did KPCo recognize that the Mitchell FGD was located in West Virginia and per the West Virginia statutes is 95% exempt from West Virginia property taxes? If not, explain fully why not and show the adjustment to the Mitchell FGD property taxes in KPCo's filing that would properly reflect the 95% exemption from West Virginia property taxes. Include supporting calculations.

RESPONSE

a-b. The Company did not include any costs related to the Mitchell FGD in its base rates.

c. Kentucky Power objects to this data request as vague. The data request does not identify what is intended by the term "settlement agreement for the Mitchell FGD system for which Kentucky Power has incurred cost." Kentucky Power further objects to this request as seeking irrelevant information not reasonably calculated to lead to the discovery of admissible evidence. Kentucky Power's understanding of which settlement agreements the Attorney General has signed is not at issue in this case. Finally, the Attorney General is at least as well positioned as Kentucky Power to confirm which settlement agreements he has signed.

To the extent the term "settlement agreement for the Mitchell FGD system for which Kentucky Power has incurred cost" refers to the July 2, 2013 "Stipulation and Settlement Agreement" among Kentucky Power Company, Kentucky Industrial Utility Customers, Inc., and Sierra Club, Alexander Desha, Tom Vierheller, and Beverly May in Case No. 2012-00578,[1] Kentucky Power confirms the Attorney General was not a party to the agreement. Kentucky Power further confirms that the Commission approved the July 2, 2013 "Stipulation and Settlement Agreement," with certain modifications accepted by the Company, by Order dated October 7, 2013 in Case No. 2012-00578. In that Order, the Commission stated:

> Against this backdrop, and based on our comprehensive review of the extensive record, we find that Kentucky Power has established that the proposed Mitchell acquisition is needed to address the disposition of the nearly 1078 MW Big Sandy Generating Station because the station can no longer operate as it is currently configured and be in compliance with stringent federal environmental regulations…. The Commission further finds that the record is sufficient to demonstrate that the proposed Mitchell acquisition represents the least-cost resources needed to meet Kentucky Power's capacity and energy needs resulting from the decision to retire Big Sandy Unit 2.[2]

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[1] In the Matter of: Application of Kentucky Power Company for (1) A Certificate of Public Convenience and Necessity Authorizing the Transfer to the Company of an Undivided Fifty Percent Interest in the Mitchell Generating Station and Associated Assets; (2) Approval of the Assumption by Kentucky Power Company of Certain Liabilities in Connection with the Transfer of the Mitchell Generating Station; (3) Declaratory Rulings; (4) Deferral of Costs Incurred in Connection with the Company's Efforts to Meet Federal Clean Air Act Requirements; and (5) All Other Required Approvals and Relief, Case No. 2012-00578.

[2] Order, In the Matter of: Application of Kentucky Power Company for (1) A Certificate of Public Convenience and Necessity Authorizing the Transfer to the Company of an Undivided Fifty Percent Interest in the Mitchell Generating Station and Associated Assets; (2) Approval of the Assumption by Kentucky Power Company of Certain Liabilities in Connection with the Transfer of the Mitchell Generating Station; (3) Declaratory Rulings; (4) Deferral of Costs Incurred in Connection with the Company's Efforts to Meet Federal Clean Air Act Requirements; and (5) All Other Required Approvals and Relief, Case No. 2012-00578 at 28 (Ky. P.S.C. October 7, 2013)

d. The Mitchell Unit 1 FGD went in-service in 2006. The Unit 2 FGD was placed in service in 2007.

e-g. Please refer to KPCO_SR_KPSC_1_73_SupplementalAttachment87_FGD_Rev_Costs_Adjustments.xlsx for actual FGD cost data. Please refer to KPCO_R_AG_1_315_Attachment1.xlsx for the forecasted information.

h. Yes.

i. Yes.

Witness: Ranie K. Wohnhas
Amy J. Elliott
Mark A. Pyle

DATA REQUEST

AG_1_316 SERP. Has KPCo included any amount for SERP in its requested operating expenses? If so, identify the amount and account.

RESPONSE

Please see the response to question AG_1_083 for the SERP expense that is recorded to account 9260037.

Witness: Tyler H. Ross
Andrew R. Carlin

DATA REQUEST

AG_1_317 Defined benefit pensions.
a. Has AEP or KPCo made any curtailments or discontinued eligibility in any of the AEP defined benefit pension plans for which cost is charged to KPCo during any years from 2014 through 2017? (i) If not, explain fully why not. (ii) If so, describe each curtailment and eligibility restriction that was implemented during this time frame.

RESPONSE

No, AEP and Kentucky Power Company have not made any curtailments or discontinued eligibility in any defined benefit pension plans for which cost is charged to Kentucky Power Company during any years from 2014 through 2017. However, in 2000 the Company announced a change in the defined benefit pension plan benefit formula from a traditional final average pay benefit formula to a cash balance benefit formula. A ten-year transition period for existing employees allowed the greater benefit amount under either benefit formula through December 2010, after which the final average pay benefit formula was eliminated. The Company's current pension benefit is market competitive.

Witness: Curt D. Cooper

DATA REQUEST

AG_1_318 Defined benefit pensions. Are new KPCo and AEPSC employees eligible for participation in a defined benefit pension plan? If so, describe the eligibility. If not, explain fully why not.

RESPONSE

All employees of Kentucky Power Company and AEPSC are eligible to participate in the defined benefit pension plan after one year of service. After participation begins, service credit is provided back to date of hire. Employees become 100% vested in benefits after three years of service.

Witness: Curt D. Cooper

DATA REQUEST

AG_1_319 Refer to the Direct Testimony of Company witness Wohnhas. On pages 21-22 of his testimony, in his discussion regarding the hiring of a new administrative associate to curb energy theft, Mr. Wohnhas states that this position will allow the existing FTE's to do more onsite energy theft investigations and that KPCo estimates it can increase its annual theft recoveries by up to 50%.

a. Please quantify the amount of annual theft recoveries that KPCo's estimated increase of up to 50% would produce. Show detailed calculations.

b. Please state whether the Company has reflected the estimated 50% increase in annual theft recoveries in its filing. If so, identify by amount and account where this is reflected. If not, explain fully why not.

c. Mr. Wohnhas states in his testimony that the Company was interviewing applicants for this position. What is the current status for KPCo hiring someone for this position.

d. Please quantify the salary and benefits associated with this position.

RESPONSE

a. Theft recoveries in calendar 2016 totaled $333,395. An "up to 50% increase" would produce $166,697.50 in additional revenue. The calculation is $333,395 x 0.50 = $166,697.50 .

b. No. The projected increase is an estimate. The position is not filled and thus any adjustment is not yet known and measurable.

c. The interviews have been completed and management is currently discussing to whom the offer will be made.

d. Please refer to KPCO_R_KPSC_1_73 Attachment28.xls for the requested information.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_320 Refer to the Direct Testimony of Company witness Ross. On page 13 of his testimony, Mr. Ross states that the cost of service adjustment made for severance expense decreased payroll expense for severance true-ups but that payroll tax expense increased because of the severance true-ups. Please explain fully and in detail why there would be an increase in payroll tax expense for the severance true-up when payroll expense decreased as a result of this adjustment.

RESPONSE

In 2014, Kentucky Power recorded an estimated accrual for severance expense at the Big Sandy plant and related payroll tax expense.

Once all of the actual severance expenses and related payroll taxes were incurred, the severance expense was under accrued while the related payroll tax was over accrued.

In the test year, Kentucky Power recorded adjustments to the accrual based upon the actual severance expense and related payroll tax expense incurred. For the severance expense, the adjustment recorded in the test year was an increase in expense of $35,973. The adjustment for the related payroll tax was a reduction of $2,382.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_321 Provide copies of all presentations made to rating agencies and/or investment firms by AEP, and/or Kentucky Power Company between January 1, 2016 and the present.

RESPONSE

Copies of presentations made to investment firms are available on www.aep.com/investors. Neither AEP nor Kentucky Power Company made presentations to rating agencies during the time period requested.

Witness: Zachary C. Miller

DATA REQUEST

AG_1_322 Provide copies of all prospectuses for any security issuances by AEP and/or Kentucky Power Company between January 1, 2012 and the present.

RESPONSE

Please refer to KPCO_R_AG_1_322_Attachment1.pdf; KPCO_R_AG_1_322_Attachment2.pdf; KPCO_R_AG_1_322_Attachment3.pdf; KPCO_R_AG_1_322_Attachment4.pdf; and KPCO_R_AG_1_322_Attachment5.pdf for the requested information. The offering documentation for the new $325 million private placement notes, which replaces the existing 6.00%, $325 million senior notes, Series E, will be finalized and available at the closing date, September 12, 2017. Kentucky Power will seasonably supplement this reponse at that time.

Witness: Zachary C. Miller

DATA REQUEST

AG_1_323 Provide copies of credit reports for AEP and/or Kentucky Power Company between January 1, 2015 and the present from the major credit rating agencies (Moody's, S&P, and Fitch).

RESPONSE

Please refer to the Company's responses to KIUC 1-55 and KIUC 1-56 for the Kentucky Power and AEP credit reports for the time period requested.
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 the Company's responses to KIUC 1-55 and KIUC 1-56 for those reports available to the Company

Witness: Zachary C. Miller

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

DATA REQUEST

AG_1_324 Provide the corporate credit and bond ratings assigned to AEP and Kentucky Power Company since the year 2012 by S&P, Moody's, and Fitch. For any change in the credit and/or bond rating, provide a copy of the associated report.

RESPONSE

Please refer to KPCO_R_AG_1_324_Attachment1.xls for assigned corporate credit and bond ratings. Please refer to KPCO_R_AG_1_324_Attachment2.pdf for reports associated with changes in credit and/or bond ratings.
AEP and Kentucky Power no longer engage Fitch for ratings services. However, Fitch Ratings periodically publishes unsolicited credit opinions on AEP and its subsidiaries.

Witness: Zachary C. Miller

DATA REQUEST

AG_1_325 Provide the breakdown in the expected return on pension plan assets for Kentucky Power Company. Specifically, provide the expected return on different assets classes (bonds, US stocks, international stocks, etc.) used in determining the expected return on plan assets. Provide all associated source documents and work papers.

RESPONSE

Please refer to the Company's response to AG_1_132.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_326 Provide the Company's authorized and earned return on common equity for Kentucky Power Company over the past five years. Provide copies of all associated work papers and source documents. Provide copies of the source documents, work papers, and data in electronic (Microsoft Excel) formats, with all data and formulas intact.

RESPONSE

Please refer to KPCO_R_AG_1_326_Attachment1.xlsx for Kentucky Power rates of return on common equity for the twelve months ended December 31, 2012, 2013, 2014, 2015 and 2016. The attached calculations of rates of return on common equity are based on Kentucky Power's earnings and common equity in accordance with Generally Accepted Accounting Principles (GAAP).

Witness: Tyler H. Ross

DATA REQUEST

AG_1_327 Provide copies of the financial statements (balance sheet, income statement, statement of cash flows, and the notes to the financial statements) for AEP and Kentucky Power Company for the past two years. Provide copies of the financial statements in electronic (Microsoft Excel) formats, with all data and formulas intact.

RESPONSE

Please refer to http://www.aep.com/investors/FinancialFilingsAndReports/Filings/ for copies of the financial statements (balance sheet, income statement, statement of cash flows, and the notes to the financial statements) for American Electric Power Company, Inc. for the past two years.

Please refer to http://www.aep.com/investors/FinancialFilingsAndReports/Filings/kentuckypower.aspx for copies of the financial statements (balance sheet, income statement, statement of cash flows, and the notes to the financial statements) for Kentucky Power Company for the past two years.

The financial statements are not prepared in Microsoft Excel format.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_328 For the past five years, provide the dates and amount of: (1) cash dividend payments made to AEP by Kentucky Power Company; and (2) cash equity infusions made by AEP into Kentucky Power Company.

RESPONSE

Please refer to KPCO_R_AG_1_328_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

DATA REQUEST

AG_1_329 Provide a copy of Mr. McKenzie's testimony in Microsoft Word.

RESPONSE

Kentucky Power objects to this request on the grounds that it is not reasonably calculated to lead to the discovery of admissible evidence, unduly burdensome, and overly broad, as it seeks to impose an obligation in excess to that provided for by 807 KAR 5:001, Section 8, which the Attorney General is deemed to have accepted. Kentucky Power has filed in the record of these proceedings the testimony of Company Witness McKenzie in search-capable portable document format (PDF.), as required by Commission rules. There is no valid purpose to request the production of this testimony in Microsoft Word format, which is not the format required under Commission rules.

Witness: Adrien M. McKenzie

DATA REQUEST

AG_1_330 Provide copies of Mr. McKenzie's Exhibit Nos. 2 through 11 in Microsoft Excel, with data and formulas intact.

RESPONSE

Please refer to KPCO_R_KPSC_2_34_Attachment1.xls for the requested information.

Witness: Adrien M. McKenzie

DATA REQUEST

AG_1_331 Provide copies of all source documents, articles, cited documents listed in footnotes, regulatory decisions, work papers, and other sources used in the development and preparation of the testimony of Mr. McKenzie.

RESPONSE

With the exception of citations to regulatory and court proceedings, which are publicly available from the respective agencies, please refer to KPCO_R_KPSC_1_73_Attachment67.pdf for the requested information.

Witness: Adrien M. McKenzie

DATA REQUEST

AG_1_332 Provide copies of the source documents, work papers, and underlying data used in the development of all exhibits for Mr. McKenzie (Exhibit No. AMM-2 through Exhibit No. AMM-11). Provide the data and work papers in electronic formats (Microsoft Excel), with all data and formulas intact.

RESPONSE

Please refer to KPCO_R_KPSC_1_73_Attachment67.pdf for copies of the requested source documents. Please refer to the KPCO_R_KPSC_2_34_Attachment1.xls for all electronic work papers supporting Company witness McKenzie's testimony and exhibits.

Witness: Adrien M. McKenzie

DATA REQUEST

AG_1_333 With reference to pages 23-24 of Mr. McKenzie's testimony: (1) indicate the universe of electric and utility companies as indicated by Value Line Investment Survey, (2) the companies eliminated from each group from each of the screens; and (3) the reasons each of the companies were eliminated.

RESPONSE

Please refer to tab "Utility Group Criteria" in KPCO_R_KPSC_2_34Attachment1.xls for the requested information.

Witness: Adrien M. McKenzie

DATA REQUEST

AG_1_334 With reference to pages 48-49 of Mr. McKenzie's testimony, provide the theoretical and empirical studies that support the use of the size premium.

RESPONSE

Please refer to KPCO_R_KPSC_1_73_Attachment67.pdf at pages 100-102 and 423-424 for copies of the source documents cited in Company witness McKenzie's testimony pertaining to the modification of the CAPM results to account for firm size.

Witness: Adrien M. McKenzie

DATA REQUEST

AG_1_335 With reference to pages 50-52 of Mr. McKenzie's testimony, provide the theoretical and empirical studies that support the use of the ECAPM with the .25/.75 weights versus the traditional CAPM.

RESPONSE

Please refer to KPCO_R_KPSC_1_73_Attachment67.pdf at pages 103-106 for copies of the source documents cited on pages 50-52 of Company witness McKenzie's testimony with respect to the ECAPM equation and the referenced weighting factors.

Witness: Adrien M. McKenzie

DATA REQUEST

AG_1_336 With reference to pages 54-62 of Mr. McKenzie's testimony and Exhibit No. AMM-9, provide the following: (1) the individual authorized ROEs that are used in computing the annual Allowed ROEs in Column (a); (2) for each of the individual ROEs, include all of the following: the order or docket number, the state, the utility, the decision date, the authorized ROE, the authorized common equity ratio, whether the rate case was fully litigated or settled, and whether the authorized included any specific ROE adders and/or penalties; and (3) the data and work papers for (1) and (2) in electronic formats (Microsoft Excel), with all data and formulas intact. Also include electronic copies (Microsoft Excel) of the Schedule, leaving all data and formulas intact.

RESPONSE

(1) As stated in Company witness McKenzie's testimony at page 56, the risk premium study shown on Exhibit No. AMM-9 was based on the annual average allowed ROEs for electric utilities reported by Regulatory Research Associates in each year between 1974. Please refer to KPCO_R_KPSC_1_73_Attachment67.pdf at pages 425-428 for copies of the source documents. Company witness McKenzie did not undertake a study to identify the case-by-case information requested in this question as it was not necessary or relevant to his analysis and is unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence; nor does he have the information necessary to compile the requested information over the study period encompassed by his risk premium analysis.

(2) Please refer to the response to subpart (1).

(3) Please refer to the response to subpart (1).

Witness: Adrien M. McKenzie

DATA REQUEST

AG_1_337 With reference to pages 67-73, provide: (1) the details of the 3.6% flotation cost and how much is associated with the underwriting spread, company issuance costs, market pressure, and other expenses; and (2) details of all the equity floatation costs paid by Kentucky Power Company over the past two years.

RESPONSE

(1) Please refer to KPCO_R_KPSC_1_73_Attachment67.pdf at pages 160-161 for copies of supporting documents pertaining to Company witness McKenzie's reference to the 3.6% flotation cost cited at page 71 of his testimony. This percentage refers only to underwriting spread.

(2) Kentucky Power Company is a wholly owned subsidiary of American Electric Power Company, Inc. As a result, Kentucky Power Company does not incur flotation costs directly because it is not publicly traded and does not issue common stock. Nevertheless, the common equity investment in Kentucky Power Company has been supported through the sale of common stock, with the need for an adjustment to recognize past flotation costs being supported at pages 67-73 of Company witness McKenzie's Direct Testimony

Witness: Adrien M. McKenzie

DATA REQUEST

AG_1_338 With reference to pages 73-77 and Exhibit No. AMM-11: (1) list the screens applied to the Value Line database in establishing the Non-Utility Proxy Group; (2) indicate the justification for each of the screens applied to the companies in the Value Line Investment Survey in establishing the Non-Utility Proxy Group; (3) the companies eliminated from the group from each of the five screens; and (4) the reasons that each of the companies were eliminated.

RESPONSE

(1) Please refer to page 75 of Company witness McKenzie's testimony.

(2) As indicated in Company witness McKenzie's testimony, consistent with the principles underlying the Hope and Bluefield standards, the purpose of the Non-Utility Group was to apply the opportunity cost standard by developing estimates of investors' required return for a low-risk group of firms in the competitive sector of the economy. Accordingly, the screening criteria identified in Company witness McKenzie's testimony at page 75 were applied in order to restrict the Non-Utility Group to firms with exceedingly conservative risk profiles. As noted on pages 75-76 of Company witness McKenzie's testimony, a review of objective risk indicators suggests that this select group of non-regulated firms have less risk than Kentucky Power Company or Company witness McKenzie's utility proxy group.

(3) Please refer to KPCO_R_AG_1_338_Attachment1.xlsx for the requested information.

(4) Please refer to the response to subpart (3).

Witness: Adrien M. McKenzie

DATA REQUEST

AG_1_339 Refer to the testimony of Adrien McKenzie, p, 24. Confirm that in Answer 35, number 2, that the Value Line Safety Rank's used were 1 or 2, not solely 1.

RESPONSE

There is a typographical error in Mr. McKenzie's testimony at page 24, line 13, which should be corrected as follows:

A Value Line Safety Rank of 1 or ~~1~~2, consistent with AEP's rank of 1.

Witness: Adrien M. McKenzie

DATA REQUEST

AG_1_340 Provide the Company's rate design and revenue allocation spreadsheets and associated workpapers including all linked files. Provide the files in electronic form with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

Refer to KPCO_R_KPSC_1_73_Attachment35_KPCO_CCOS__-__Test_Year_2017__-DRB__-_FINAL__-__KPSC_DR_1-73.xlsx and KPCO_R_KPSC_1_73_Attachment73_AEVWP3.xlsx for the revenue allocation and rate design workpapers.

Please refer to the Direct testimonies of Company Witnesses Buck and Vaughan for discussions and assumptions regarding the proposed revenue allocation and rate designs.

Witness: Douglas R. Buck
Alex E. Vaughan

DATA REQUEST

AG_1_341 Provide copies of any and all workpapers that link and/or tie the Company's revenue requirement to the requested revenue allocation and requested rate design. Provide the files in electronic form with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

The class cost-of-service study and associated workpapers are contained in KPCO_R_KPSC_1_73_Attachments 32 through 54. For the source data for rate design see KPCO_R_KPSC_1_73_Attachment 35_KPCO_CCOS_-_Test_Year_2017_-_DRB_-_FINAL_-_ KPSC_DR_1-73.xlsx, the "CCOS" tab. Expand lines 4577 through 4584 for functional costs by rate class.

Please refer to the Company's response to KPSC 1-73, including specifically KPCO_1_73_Attachment73.xls, for the rate design workpapers of Company Witness Vaughan.

Witness: Douglas R. Buck
Alex E. Vaughan

DATA REQUEST

AG_1_342 Provide the base revenue for each current and proposed rate class for each of the years 2011 - 2016 and each month of 2017. Provide the requested documents in electronic form with all spreadsheet links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

The Company does not perform the requested calculation in the normal course of business and has not calculated the data in the manner requested. Please refer to KPCO_R_AG_1_342_Attachment1.pdf. for the total revenue by rate class for each of the years 2011-2016 and each month of 2017 (January-July).

Witness: Douglas R. Buck
Alex E. Vaughan

DATA REQUEST

AG_1_343 Provide the total revenue, broken down by major category, for each current and proposed rate class for each of the years 2011 – 2016 and each month of 2017. Provide the requested documents in electronic form with all spreadsheet links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

Please refer to KPCO_R_AG_1_342_Attachment1.pdf for the requested information.

Witness: Douglas R. Buck

DATA REQUEST

AG_1_344 Provide the average number of customers for each current and proposed rate class for each of the years 2011 - 2016 and each month of 2017. Provide the source documents containing the customer data supplied in response to this request. Provide the requested documents in electronic form with all spreadsheet links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

Please refer to KPCO_R_AG_1_342_Attachment1.pdf for the requested information.

Witness: Alex E. Vaughan

DATA REQUEST

AG_1_345 Provide the actual electricity usage data for each current and proposed rate class for each of the years 2011 – 2016 and each month of 2017. Provide the source documents containing the usage data supplied in response to this request. Provide the requested documents in electronic form with all spreadsheet links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

Please refer to KPCO_R_AG_1_342_Attachment1.pdf for the requested information.

Witness: Alex E. Vaughan

DATA REQUEST

AG_1_346 Provide a sales forecast for 2017, 2018, and 2019. Provide the source documents containing the usage data supplied in response to this request. Provide the requested documents in electronic form with all spreadsheet links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

KPCO_R_AG_1_346_Attachment1.xls provides the Company's load forecast for July 2017 through December 2021. KPCO_R_AG_1_380_Attachment1.pdf provides a detailed explanation of the forecasting process.

Witness: Alex E. Vaughan

DATA REQUEST

AG_1_347 Provide normalized (weather-adjusted) electricity usage data for each current and proposed rate class for each of the years 2011 – 2016 and each month of 2017. Provide the source documents containing the usage data supplied in response to this request. Provide the requested documents in electronic form with all spreadsheet links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

KPCO_R_AG_1_347_Attachment1.xls provides weather normalized Company energy sales on an annual basis for 2011 through 2016. KPCO_R_AG_1_347_Attachment2.xls provides weather normalized Company energy sales for the months January 2017 through July 2017.

Refer to the Company's response to KSBA 1-4 for the description and supporting work papers for the Company's weather normalization process.

Witness: Alex E. Vaughan

DATA REQUEST

AG_1_348 Provide the Company's actual load growth by customer class for each of the years 2011 through 2016 and as projected for 2017, 2018, 2019, 2020, and 2021. Provide all workpapers and source documents supporting the Company's response in electronic form, with all spreadsheet links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

KPCO_R_AG_1_348_Attachment1.xls provides the requested information over the requested time period. A detailed explanation of the load forecast process is provided in the response AG 1-380.

Witness: Alex E. Vaughan

DATA REQUEST

AG_1_349 Provide all analyses conducted by or for the Company which demonstrates the impact the Company's rate proposals will have on customers' bills. Provide all workpapers and source documents supporting the Company's response in electronic form, with all spreadsheet links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

See the Company's repsonse to KPSC 1-73, specifically KPCO_R_KPSC_1_73_Attachment74_AEVWP4.xls

Witness: Alex E. Vaughan

DATA REQUEST

AG_1_350 Provide a summary of the customer charge and volume-based distribution charge by rate class over the last six years for the Company. Include the effective date for each change in the customer charge rate.

RESPONSE

See the Company's Response to AG_1_289.

Witness: Alex E. Vaughan

DATA REQUEST

AG_1_351 Provide all analyses prepared by or for the Company that examine the impacts that its rate proposal will have on customer affordability. Provide all workpapers and source documents supporting the Company's response in electronic form, with all spreadsheet links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

The Company did not prepare or commission any analysis examining the impact of this rate proposal on customer affordability.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_352 Provide all subsidiary studies to the Company's CCOSS. This includes all studies used to derive the allocation factors used in the CCOSS and/or used for any other purpose in the CCOSS. These include, but are not limited to special cost allocation studies. Provide all workpapers and source documents supporting the Company's response in electronic form, with all spreadsheet links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

Please refer to KPCO_R_KPSC_1_73_Attachments 32 through 54 for the class cost-of-service study and associated workpapers. Please refer to KPCO_R_KSBA_1_003_Attachments 1 and 2 for the loss factor study.

Witness: Douglas R. Buck

DATA REQUEST

AG_1_353 For the years 2011 through 2016, provide: (i) the coincident peak system demand by month for each current and proposed customer class; and (ii) the non-coincident peak demand by month for each current and proposed customer class. Provide all workpapers and source documents supporting the Company's response in electronic form, with all spreadsheet links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

Kentucky Power's class data such as coincident peak and non-coincident peak data by customer class is calculated only in preparation for the filing of a Kentucky Power base rates case. Therefore the data requested is only available for the test year.

Witness: Douglas R. Buck

DATA REQUEST

AG_1_354 Provide all studies in the Company's possession that examine the relationship between Company rate revenues and customer incomes for the residential class. Provide all workpapers and source documents supporting the Company's response in electronic form, with all spreadsheet links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

The Company does not possess the requested information.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_355 Provide all studies in the Company's possession that examine the electricity use of low-income customers living in the Company's service territory. Provide all workpapers and source documents supporting the Company's response in electronic form, with all spreadsheet links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

See KPCO_R_AG_1_355_Attachment1.xlsx.

This study includes accounts with 12 months of consecutive activity, no partial year accounts.

Witness: Alex E. Vaughan

DATA REQUEST

AG_1_356 For the purposes of this request, refer to the Direct Testimony of Matthew J. Satterwhite, page 3 lines 20 through 23, where he states: The Company serves approximately 168,000 retail customers located in 20 eastern Kentucky counties. The Company's total customer count has declined by approximately 2,300 customers since September 2014.

a. Provide a detailed narrative describing all efforts undertaken by the Company to address customer attrition occurring in its service territory.

b. Provide all analyses prepared by the Company or on its behalf that examine the success of efforts by the Company to address its customer attrition problem.

c. Provide any and all documents, studies, memos, reports, analyses, presentations, e-mails, or other correspondence (including those to management and investors) undertaken by or on behalf of the Company which examined and/or discusses the decline in customers since 2007.

d. Provide all supporting workpapers and source documents supporting the Company's response in electronic spreadsheet form with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

a-d Kentucky Power objects to this request on the ground that it is overly broad and unduly burdensome as it seeks "all efforts," "all analyses," "any and all documents," and "all supporting workpapers and source documents…" over a ten year period during which the Company sought and received two general rate adjustments.

The Company objects to the data request as seeking irrelevant information not reasonably calculated to lead to the discovery of admissible evidence. The issue before the Commission is whether the Company's proposed rates are fair, just, and reasonable.

Notwithstanding these objections, customer attrition is an issue involving numerous factors. Kentucky Power has worked to address customer attrition with its economic development efforts, workforce development, corporate giving, grant and foundation gifts, and corporate leadership. The Company has not identified specific studies or analyses addressing how Kentucky Power's efforts may affect customer attrition, although documents may exist that reference customer attrition but do not provide the requested analyses. Please further refer to Company Witness Satterwhite's testimony at 10-11, 15-17, 18-19 and Company Witness Hall's testimony *passim*.

Witness: Matthew J. Satterwhite

DATA REQUEST

AG_1_357 For the purposes of this request, refer to the Direct Testimony of Brad N. Hall, page 7, line 4, where he describes the Kentucky Power Economic Advancement Program ("KEAP").
a. Provided a detailed narrative describing how the costs associated with the Company's KEAP program are treated for ratemaking purposes (i.e., are they considered "above-the-line" expenses and built into service rates to be recovered from ratepayers, or are they considered "below-the-line" expenses for ratemaking purposes.)
b. Provide the number of full-time jobs created from the KEAP program for each year of the programs existence.
c. Provide the title or description of each type of job created.
d. Provide all supporting workpapers and source documents supporting the Company's response in electronic spreadsheet form with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

a. As required by the Stipulation and Settlement Agreement in Case No. 2012-00578, the Company's shareholder provides all funding for the grants and contributions to local community and technical colleges under the KEAP program. These funds are "below-the-line" and not part of the cost of service.

b. As described on page 22 of the testimony of Company Witness Hall, the KEAP program is designed to fill gaps in economic development efforts in the Company's service territory largely through grants to local economic development agencies. Where the KEAP grants have led to new jobs in the region, those jobs are described on page 24, lines 1-18 of the testimony of Company Witness Hall.

c. The Company does not have access to the human resource records of the businesses supported by KEAP grants and, accordingly, is unable to provide this level of detail.

d. Please see KPCO_R_AG_1_357_Attachment1.xls for the requested information.

Witness: Brad N. Hall

DATA REQUEST

AG_1_358 For the purposes of this request, refer to the Direct Testimony of Brad N. Hall, page 7, line 16, where he describes the K-PEGG program through which the Company issues economic grants throughout its service territory.
a. Provide a detailed narrative describing how the costs associated with the Company's K-PEGG program are treated for ratemaking purposes. (i.e. are Company costs associated with the K-PEGG program considered "above-the-line" for ratemaking purposes?)
b. Provide the number of full-time jobs created from the K-PEGG program for each year of the programs existence.
c. Provide the title or description of each type of job created.
d. Provide all supporting workpapers and source documents supporting the Company's response in electronic spreadsheet form with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

a. One half of the funding for the K-PEGG program is provided through an investment by the Company's customers through the Kentucky Economic Development Surcharge ("KEDS"); the other half is provided by a dollar-for-dollar matching contribution from the Company's shareholder. The Company's shareholder contributions are "below-the-line" and not part of the cost of service.

b. As described on page 12 of the testimony of Company Witness Hall, the K-PEGG program is designed to fill gaps in economic development efforts in the Company's service territory largely through grants to local economic development agencies. Where grants issued under the K-PEGG program have led to new jobs in the region, those jobs are described on pages 17-19 of the testimony of Company Witness Hall.

c. The Company does not have access to the human resource records of the businesses supported by KEAP grants and, accordingly, is unable to provide this level of detail.

d. Please see the Company's response to AG 1-357(d) and KPCO_R_AG_1_357_Attachment1.xls for the requested information.

Witness: Brad N. Hall

DATA REQUEST

AG_1_359 For the purposes of this request, refer to the Direct Testimony of Brad N. Hall, page 8, lines 6 through 13, where he describes the Company's local bank financing program.
a. Provide a detailed narrative describing how the costs associated with the Company's local bank financing program are considered for ratemaking purposes. (i.e. are these costs considered "above-the-line" for ratemaking purposes?)
b. Provide a list of all 12 different local banks that participate in the Company's loan program.
c. Provide a list of all loans that have been guaranteed by the Company through its $200 million financing package.
d. For each loan listed in response to (b) above, provide the number of full-time jobs created from the loan.
e. Provide all supporting workpapers and source documents supporting the Company's response in electronic spreadsheet form with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

a. Costs associated with the local bank financing are included in the Company's cost of long term debt.
b. Twelve banks with operations in Kentucky Power's service territory participate in the local bank financing program. Community Trust Bank and Fifth Third Bank serve as agent banks. Other partner banks include: Citizens National Bank of Paintsville; Peoples Bank & Trust Co.; First Commonwealth Bank; First & Peoples Bank and Trust Co.; Town Square Bank; Kentucky Farmers Bank; Commercial Bank (West Liberty); Hyden Citizens Bank; Inez Deposit Bank; and The Commercial Bank of Grayson.
c. Please refer to KPCO_R_AG_1_324_Attachment1.xls for individual commitment amounts of each participant.
d. Kentucky Power does not possess the requested information.
e. Not applicable

Witness: Ranie K. Wohnhas
Zachary C. Miller

DATA REQUEST

AG_1_360 For the purposes of this request, refer to the Direct Testimony of Brad N. Hall, page 12 lines 1 through 8, where he states:

Currently, there are 23 active economic development projects in the service territory. Successful economic development projects have resulted in the creation of approximately 830 full-time jobs in the service territory, including approximately 550 full time (and 1,000 construction) jobs with Braidy Industries in Greenup County, 115 jobs with Logan Corporation in Magoffin County, 75 jobs with RCL Chemical in Floyd and Pike Counties, 65 jobs with Steel Ventures in Greenup County, 18 jobs with Quality Metal in Lawrence County, and 15 jobs with Thoroughbred Aviation Maintenance in Martin County.

a. Provide a list of all 23 active economic development projects in the Company's service territory.
b. Of the 830 full-time jobs created that are cited as support for "[s]uccessful economic development projects", how many are actually active, filled, and paying jobs?
c. Provide a list of historic economic development projects that have been funded partially or fully by the Company.
d. For each active or historic economic development project referenced in response to (a) and (b) above, provide the following information:
i. Number of jobs created or expected to be created through the referenced economic development project; and
ii. Amount of capital financing associated with the referenced economic development project.
e. Provide all supporting workpapers and source documents supporting the Company's response in electronic spreadsheet form with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

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

b. Currently, approximately 200 of the jobs are active, filled, and paying with the anticipation that the additional 530 jobs will be active, filled, and paying between 2018 and 2021. It is the Company's understanding that Braidy Industries' full employment date will be in 2020 or 2021. The anticipated 1,000 construction jobs necessary for the construction of the Braidy Industries facility will begin to ramp up in spring of 2018.

c. Information on projects that have been funded or partially funded by the Company through the K-PEGG and KEAP programs are included in Exhibits BNH-2 and BNH-3, respectively.

Projects funded separately through funds received from AEP's Economic and Business Development group during calendar years 2012-2016 are identified in KPCO_R_AG_1_360_Attachment1.pdf. Kentucky Power has not yet identified the projects to be funded with funds received from AEP's Economic and Business Development group for 2017.

d.(i) The number of jobs created in projects supported by the Company's economic development efforts is described on page 12 of the testimony of Company Witness Hall. The Company cannot speculate on the number or nature of any future job until new industrial projects are announced. The Company is working with the communities it serves to ensure that they are ready for any future jobs.

(ii) The estimated total capital investment related to the projects described on page 12 of the testimony of Company Witness Hall is approximately $1.8 Billion. The Company cannot speculate on the capital investment associated with future unknown projects.

e. Please see KPCO_R_AG_1_360_Attachment2.xls for the requested information.

Witness: Brad N. Hall

DATA REQUEST

AG_1_361 For the purposes of this request, refer to the Direct Testimony of Brad N. Hall, page 17 lines 1 through 5, where he mentions that the Company has denied 5 K-PEGG grant requests since the program's inception in January 2016.

a. Provide a list of approved and pending applications, including:
i. Name of applicant;
ii. Amount of financing requested; and
iii. Indicated purpose of the requested financing.

b. Provide details associated with the denied grant requests, including:
i. Name of applicant;
ii. Amount of financing requested; iii. Indicated purpose of the requested financing; and iv. Company reason for denying request.

c. Provide all documents provided to each applicant indicating the reason the Company was denying the requested financing, and the referenced feedback on potential improvements to application.
d. Provide all supporting workpapers and source documents supporting the Company's response in electronic spreadsheet form with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

a. Please see Exhibit BNH-2 and the Company's response to AG 1-390 for the requested information.

b. Since the date the application was filed in this case, the Company has review and denied a sixth K-PEGG grant application from the Hazard Perry County Airport Board. The following K-PEGG grant applications were denied:

- **Applicant**: Leslie County Teleworks
  - **Amount of Grant Request:** $75,000

  - **Indicated purpose of requested funding:** To develop a Teleworks hub in Leslie County.
  - **Reason for denial:** The request was denied due to the lack of detail for how the funds would be utilized.
  - **Communication with applicant regarding denial:** The Company discussed with the applicant methods to improve the application and the importance of clarity in describing how the funding would be utilize to support economic development in the community. The Company encouraged the applicant to improve the application and resubmit. The applicant has not done so.

- **Applicant:** Appalachian Industrial Authority
  - **Amount of Grant Request:** $50,000
  - **Indicated purpose of requested funding:** The funds were requested for general operations.
  - **Reason for denial:** The request was denied due to the lack of detail for how the funds would be utilized.
  - **Communication with applicant regarding denial:** The Company discussed with the applicant methods to improve the application and the importance of clarity in describing how the funding would be utilize to support economic development in the community. The Company encouraged the applicant to improve the application and resubmit. The applicant submitted a new, improved application for funding to improve the industrial park's appearance which was approved by the committee in 2017.

- **Applicant:** Coalfield Industrial Authority
  - **Amount of Grant Request:** $50,000
  - **Indicated purpose of requested funding:** The funds were requested for general operations.
  - **Reason for denial:** The request was denied due to the lack of detail for how the funds would be utilized.
  - **Communication with applicant regarding denial:** The Company discussed with the applicant methods to improve the application and the importance of clarity in describing how the funding would be utilize to support economic development in the community. The Company encouraged the applicant to improve the application and resubmit. The applicant submitted a new, improved application for funding to prepare a professional UAV drone marketing video which was
  - approved by the committee in 2017.

- **Applicant:** Perry Co Fiscal Court – Economic Development Matrix
  - **Amount of Grant Request:** $60,000
  - **Indicated purpose of requested funding:** The funds were requested to supplement a federal Economic Development Administration ("EDA") grant of $100,000. The application stated that the K-PEGG funding would be used to raise the the salary of the Project Coordinator to market rate and supplement the pay for a grant writer position.
  - **Reason for denial:** The primary reason the request was denied was that the application sought to utilize grant funds to increase the salary of a current employee, supplement an already committed required match from EDA, and supplement funding for two years for additional position. Based on the short, two-year nature of the primary EDA funding source, the proposed use of the K-PEGG funds was determined to be not responsible. Additionally, the request was denied because the purpose of the primary EDA funding, to create a plan to diversify the economy and craft a plan for community growth, was duplicative of the InSite Consulting study which already provided a blueprint for economic development success in Perry County. Finally, the application did not identify any partnership with the primary economic development organizations in Perry County, the Hazard-Perry County Economic Development Alliance, nor Kentucky Power.
  - **Communication with applicant regarding denial:** Representatives of Kentucky Power discussed the denial in-person with the applicant and suggested improvement and other ideas for applications.

- **Applicant:** Carter County Library
  - **Amount of Grant Requested:** $25,000
  - **Indicated purpose of requested funding:** The applicant sought funds to purchase 20 computers plus additional software for the library to replace outdated equipment and software that is no longer supported by the manufacturer.
  - **Reason for denial:** The request was denied due to a lack of connection to economic development efforts in the service territory.
  - **Communication with applicant regarding denial:** The Company sent a denial letter to the applicant. In addition, representatives from the Company discussed the denial with the applicant. The Company representative informed the applicant that because of the limited purpose for K-PEGG funds, it was not the appropriate source for the applicant's request. The Company informed the applicant of the AEP Foundation and general charitable giving from the Company as appropriate

potential sources of which to make such a request.

- **Applicant:** Hazard Perry County Airport Board
  - **Amount of Grant Requested:** $13,000
  - **Indicated purpose of requested funding:** The applicant sought funds to construct and erect large highway road signs advertising the existence and location of the airport. The Airport provides services for business aircraft bringing business location opportunities to eastern Kentucky.
  - **Reason for denial:** The request was denied due to a lack of detail on the importance of the project other than "an airport is a critical part of the infrastructure needed for economic development." Additionally, the applicant did not indicate whether it would be contributing any monies toward the project nor did it list any community partners supporting the application.
  - **Communication with applicant regarding denial:** The Company sent a denial letter and requested to meet with applicant to discuss application improvements.

c. Please refer to KPCO_R_AG_1_361_Attachment1.pdf for the requested information.

d. No responsive documents exist.

Witness: Brad N. Hall

DATA REQUEST

AG_1_362 For the purposes of this request, refer to the Direct Testimony of Brad N. Hall, page 19 lines 18 through 21, where he argues for increasing the economic development surcharge from $0.15 per customer per month to $0.25 per customer per month to support a growth in the K-PEGG program.

a. Provide a detailed narrative explaining the Company's rationale for why it believes a 10 cent increase to the surcharge would substantially increase the ability of the K-PEGG program to assist economic development in the Company's service territory.
b. Describe the methodology used by the Company in determining that a 10 cent increase to the surcharge would make the K-PEGG program more effective in its economic development efforts.
c. Provide all supporting workpapers and source documents supporting the Company's response in electronic spreadsheet form with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

a. Kentucky Power only issues grants under the K-PEGG program when there are sufficient funds in the Company's K-PEGG account to support the grant. As described in the testimony of Company Witness Hall, the Company's K-PEGG account is funded through the KEDS and through the Companys' dollar-for-dollar match. The Company issues grants under the K-PEGG program for projects that are designed to fill gaps in economic development efforts in the Company's service territory. The Company is proposing to increase the KEDS from $0.15 per meter per month to $0.25 per meter per month. The Company's dollar-for-dollar match will correspondingly increase. While this represents only a dime increase in the surcharge, it represents an approximately 67% increase in funding available for issuing K-PEGG grants. This additional funding will allow it to provide the funding necessary to fill economic development gaps more frequently.

b. In evaluating a potential increase in funding for the K-PEGG program, the Company attempted to balance the need for increased economic development funding with ensuring that the impact on customers through the KEDS remains de minimis. The $0.10 proposed increase represents a reasonable next step in expanding the K-PEGG program.

c. No responsive document exist.

Witness: Brad N. Hall

DATA REQUEST

AG_1_363 Regional Economic Development

a. Is the Company aware of any other electric or natural gas utilities that provide economic development assistance to local entities or to businesses looking to locate to the utility's service territory.
b. To the extent the Company's response to (a) above is in the affirmative, provide a list of regional utilities the Company is aware of.
c. For each utility referenced in response to (b) above, provide the economic development program or programs offered by the utility, and associated program parameters.
d. Has the Company compared its economic development initiatives to that of other utilities offering economic development opportunities?
e. To the extent the Company's response to (b) above is in the affirmative, provide copies of the Company's comparisons of its offerings to other relevant utilities.
f. Provide all supporting workpapers and source documents supporting the Company's response in electronic spreadsheet form with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, please provide the information in the form that most closely matches what has been requested.

RESPONSE

a. No other electric utilities provide economic development assistance to local entities or businesses seeking to locate in Kentucky Power's service territory because each electric utility operating in Kentucky operates within the boundaries of a Commission-defined service territory and as such would not be authorized to provide electric service in Kentucky Power's service territory. The Company is unaware of any specific economic development programs offered by non-electric utilities within the Kentucky Power service territory.

b.-c. N/A

d. Yes. Kentucky Power evaluates informally its efforts against other electric utilities in Kentucky, the region, and the nation. The Company actively participates in educational and training opportunities on the state, regional, and national level. This participation ensures industry trends and best practices are implemented within the Company's program. Currently, the Kentucky Power team participates in the Kentucky Institute for Economic Development, Kentucky Association for Economic Development, Kentucky United, International Economic Development Council, Southern Economic Development Council, and Oklahoma University's Economic Development Institute. Each of these associations provide interfacing opportunities to discuss and connect with economic development practitioners from multiple utilities throughout the nation.

e. Not Applicable.

f. No responsive documents exist.

Witness: Brad N. Hall

DATA REQUEST

AG_1_364 Historic Economic Development Activity

a. Provide all analyses the Company has in its possession that examine the gain in electric billing determinates associated with new load resulting from the Company's historic economic development activity.
b. Provide all analyses the Company has in its possession that examine the monetary revenue gain associated with new load resulting from the Company's historic economic development activity.
c. Provide all supporting workpapers and source documents supporting the Company's response in electronic spreadsheet form with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, please provide the information in the form that most closely matches what has been requested.

RESPONSE

a.-c. Please see KPCO_R_AG_1_360_Attachment2.xls for the requested information.

Witness: Brad N. Hall

DATA REQUEST

AG_1_365 Provide all analyses or studies undertaken by or on behalf of the Company that have examined whether the Company's various economic development initiatives are sufficient to incentivize economic or load growth in the Company's service territory. Provide all supporting workpapers and source documents supporting the Company's response in electronic spreadsheet form with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

Please refer to Exhibit BNH-1 and KPCO_R_AG_365_Attachment1.pdf through KPCO_R_AG_365_Attachment3.pdf for the information

Witness: Brad N. Hall

DATA REQUEST

AG_1_366 KEAP Program Job Creation.

a. Does the Company's KEAP program require potential customers to achieve a set minimum level of job creation as a condition for receiving an economic development grants or other financing assistance under the program?
b. To the extent the Company's response to (a) is in the affirmative, provide the number of jobs the Company requires an applicant to add to be eligible for receiving an economic development grant or other financing assistance under the program.
c. To the extent the Company's response to (a) is in the negative, provide a detailed narrative explaining the Company's rationale for not including such a provision.

RESPONSE

a. The Company issues grants under the KEAP program to municipalities and local economic development agencies. It does not issue grants directly to potential customers. As described on page 22 of the testimony of Company Witness Hall, the Company awards KEAP grants for projects that are consistent with the goal of filling the gaps identified in the InSite Gap Analysis report (included as Exhibit BNH-1) as well as gaps identified by local economic development agencies and professionals. KEAP grants are not the equivalent of incentives granted to businesses by governmental actors such as the Kentucky Cabinet for Economic Development. Accordingly, it is inappropriate to condition the issuance of KEAP grants on such metrics for new businesses.

b. N/A

c. Please see the Company's response to AG 1-366a.

Witness: Brad N. Hall

DATA REQUEST

AG_1_367 KEAP Program Capital Investment

a. Does the Company's KEAP program require minimum capital investments related to new load as a condition for receiving an economic development grant or other financing assistance under the program?
b. To the extent the Company's response to (a) is in the affirmative, provide the capital investment threshold required for eligibility in receiving an economic development grant or other financing assistance under the program.
c. To the extent the Company's response to (a) is in the negative, provide a detailed narrative explaining the Company's rationale for not including such a provision.

RESPONSE

a.-c. Please see the Company's response to AG 1-366.

Witness: Brad N. Hall

DATA REQUEST

AG_1_368 KEAP Program Load Growth

a. Does the Company's KEAP program require minimum load growth as a condition for receiving an economic development grants or other financing assistance under the program?
b. To the extent the Company's response to (a) is in the affirmative, provide the load growth threshold required for eligibility in receiving an economic development grant or other financing assistance under the program.
c. To the extent the Company's response to (a) is in the negative, provide a detailed narrative explaining the Company's rationale for not including such a provision.

RESPONSE

a.-c. Please see the Company's response to AG 1-366.

Witness: Brad N. Hall

DATA REQUEST

AG_1_369 KEAP Program Benefits

a. Does the Company's KEAP program require minimum annual benefits as a condition for receiving an economic development grants or other financing assistance under the program?
b. To the extent the Company's response to (a) is in the affirmative, provide the annual benefit threshold required for eligibility in receiving an economic development grant or other financing assistance under the program.
c. To the extent the Company's response to (a) is in the negative, provide a detailed narrative explaining the Company's rationale for not including such a provision.

RESPONSE

a.-c. Please see the Company's response to AG 1-366.

Witness: Brad N. Hall

DATA REQUEST

AG_1_370 KEAP Program Documentation

a. Does the Company's KEAP program require the customer to submit documentation indicating that KEAP program funding or financing was a factor in their decision to locate, remain, or expand in the Company's service territory?
b. To the extent the Company's response to (a) is in the negative, provide a detailed narrative explaining the Company's rationale for not including such a provision.
c. Does the Company's KEAP program require that potential customers demonstrate by sworn affidavit that but for the KEAP program, the customer would not be able to establish, expand, or maintain operations in the Company's service area?
d. To the extent the Company's response to (c) is in the negative, please provide a detailed narrative explaining the Company's rationale for not including such a provision.

RESPONSE

a.-d. Please see the Company's response to AG 1-366.

Witness: Brad N. Hall

DATA REQUEST

AG_1_371 KEAP Program Repayments

a. Does the Company's KEAP program require repayment of KEAP program funding or financing in circumstances where the customer fails to locate, or expand in the Company's service territory?
b. To the extent the Company's response to (a) is in the negative, please provide a detailed narrative explaining the Company's rationale for not including such a provision.
c. Does the Company's KEAP program require repayment of KEAP program funding or financing in circumstances where the customer ceases operations sometime after receiving KEAP support?
d. To the extent the Company's response to (c) is in the negative, provide a detailed narrative explaining the Company's rationale for not including such a provision.

RESPONSE

a.-d. Please see the Company's response to AG 1-366.

Witness: Brad N. Hall

DATA REQUEST

AG_1_372 K-PEGG Program Job Creation.

a. Does the Company's K-PEGG program require potential customers to achieve a set minimum level of job creation as a condition for receiving an economic development grant or other financing assistance under the program?
b. To the extent the Company's response to (a) is in the affirmative, provide the number of jobs the Company requires an applicant to add to be eligible for receiving an economic development grant or other financing assistance under the program.
c. To the extent the Company's response to (a) is in the negative, provide a detailed narrative explaining the Company's rationale for not including such a provision.

RESPONSE

a. The Company issues grants under the K-PEGG program to municipalities and local economic development agencies. It does not issue grants directly to potential customers. As described on pages 12-13 of the testimony of Company Witness Hall, the Company awards K-PEGG grants for projects that are consistent with the goal of filling the gaps identified in the InSite Gap Analysis report (included as Exhibit BNH-1) as well as gaps identified by local economic development agencies and professionals. K-PEGG grants are not the equivalent of incentives granted to businesses by governmental actors such as the Kentucky Cabinet for Economic Development. Accordingly, it is inappropriate to condition the issuance of K-PEGG grants on such metrics for new businesses.

b. N/A

c. Please see the Company's response to AG 1-372a.

Witness: Brad N. Hall

DATA REQUEST

AG_1_373 K-PEGG Program Capital Investment

a. Does the Company’s K-PEGG program require minimum capital investments related to new load as a condition for receiving an economic development grant or other financing assistance under the program?
b. To the extent the Company’s response to (a) is in the affirmative, provide the capital investment threshold required for eligibility in receiving an economic development grant or other financing assistance under the program.
c. To the extent the Company’s response to (a) is in the negative, provide a detailed narrative explaining the Company’s rationale for not including such a provision.

RESPONSE

a.-c. Please see the Company’s response to AG 1-372.

Witness: Brad N. Hall

DATA REQUEST

AG_1_374 K-PEGG Program Load Growth

a. Does the Company's K-PEGG program require minimum load growth as a condition for receiving an economic development grant or other financing assistance under the program?
b. To the extent the Company's response to (a) is in the affirmative, provide the load growth threshold required for eligibility in receiving an economic development grant or other financing assistance under the program.
c. To the extent the Company's response to (a) is in the negative, provide a detailed narrative explaining the Company's rationale for not including such a provision.

RESPONSE

a.-c. Please see the Company's response to AG 1-372.

Witness: Brad N. Hall

DATA REQUEST

AG_1_375 K-PEGG Program Benefits

a. Does the Company's K-PEGG program require minimum annual benefits as a condition for receiving an economic development grant or other financing assistance under the program?
b. To the extent the Company's response to (a) is in the affirmative, provide the annual benefit threshold required for eligibility in receiving an economic development grant or other financing assistance under the program.
c. To the extent the Company's response to (a) is in the negative, provide a detailed narrative explaining the Company's rationale for not including such a provision.

RESPONSE

a.-c. Please see the Company's response to AG 1-372.

Witness: Brad N. Hall

DATA REQUEST

AG_1_376 K-PEGG Program Documentation

a. Does the Company's K-PEGG program require the customer to submit documentation indicating that K-PEGG program funding or financing was a factor in their decision to locate, remain, or expand in the Company's service territory?
b. To the extent the Company's response to (a) is in the negative, provide a detailed narrative explaining the Company's rationale for not including such a provision.
c. Does the Company's K-PEGG program require that potential customers demonstrate by sworn affidavit that but for the K-PEGG program, the customer would not be able to establish, expand, or maintain operations in the Company's service area?
d. To the extent the Company's response to (c) is in the negative, provide a detailed narrative explaining the Company's rationale for not including such a provision.

RESPONSE

a.-d. Please see the Company's response to AG 1-372.

Witness: Brad N. Hall

DATA REQUEST

AG_1_377 K-PEGG Program Repayments

a. Does the Company's K-PEGG program require repayment of K-PEGG program funding or financing in circumstances where the customer fails to locate, or expand in the Company's service territory?
b. To the extent the Company's response to (a) is in the negative, provide a detailed narrative explaining the Company's rationale for not including such a provision.
c. Does the Company's K-PEGG program require repayment of K-PEGG program funding or financing in circumstances where the customer ceases operations sometime after receiving K-PEGG support?
d. To the extent the Company's response to (c) is in the negative, provide a detailed narrative explaining the Company's rationale for not including such a provision.

RESPONSE

a.-d. Please see the Company's response to AG 1-372.

Witness: Brad N. Hall

DATA REQUEST

AG_1_378 Company-wide Economic Development Discounts.

a. Do any of the Company's affiliates offer discounted service to encourage economic development within that company's jurisdiction?
b. To the extent the Company's response to (a) above is in the affirmative:
i. Identify each affiliated company offering discounted service,
ii. Identify the specific program or programs providing discounted service, and the associated program parameters.
c. For each of the years 2012 through 2016 and 2017 to date, provide, by program, the annual sums each of the Company's affiliates have spent on discounted service to encourage economic development.
d. Provide all supporting workpapers and source documents supporting the Company's response in electronic spreadsheet form with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

a.-b., d. Information regarding the economic development programs for the Company's affiliates can be obtained at www.aeped.com.

c. Kentucky Power objects to this request as being unduly burdensome, irrelevant, and not likely to lead to discovery of admissible evidence. The need for, and the laws and regulatory regimes governing economic development activities by utilities, vary materially from jurisdiction to jurisdiction. Information regarding the economic development activities by Kentucky Power's affiliates in other jurisdictions have no bearing on the Company's economic development activities.

Witness: Brad N. Hall

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

DATA REQUEST

AG_1_379 Company-wide Economic Development Activities.

a. Do any of the Company's affiliates provide economic development funding to encourage economic development within that company's jurisdiction?
b. To the extent the Company's response to (a) above is in the affirmative:
i. Identify each affiliated company offering economic development funding,
ii. Identify the specific program or programs providing economic development funding, and the associated program parameters.
c. For each of the years 2012 through 2016 and 2017 to date, provide, by program, the annual sums each of the Company's affiliates have spent on economic development activities.
d. Provide all supporting workpapers and source documents supporting the Company's response in electronic spreadsheet form with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

a.-b., d. Information regarding the economic development programs for the Company's affiliates can be obtained at www.aeped.com.

c. Kentucky Power objects to this request as being unduly burdensome, irrelevant, and not likely to lead to discovery of admissible evidence. The need for, and the laws and regulatory regimes governing economic development activities by utilities, vary materially from jurisdiction to jurisdiction. Information regarding the economic development activities by Kentucky Power's affiliates in other jurisdictions have no bearing on the Company's economic development activities.

Witness: Brad N. Hall

DATA REQUEST

AG_1_380 Load Growth Forecasts

a. Provide a detailed narrative describing the Company's process determining its forecasted energy needs on its system.
b. Provide the Company's most recent forecast showing the projected load requirements into the future.
c. Provide all supporting workpapers and source documents supporting the Company's response in electronic spreadsheet form with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

a. KPCO_R_AG_1_380_Attachment1.pdf provides a detailed discussion of the Company's load forecasting process that was provided in the Company's most recent IRP (Case No. 2016-00413). The Company's load forecasting process has not changed since it was described in the Company's most recent IRP.

b. KPCO_R_AG_1_380_Attachment2.xlsx provides the Company's most recent load forecast through 2031.

c. The forecast provided in part b was recently created. Because the forecast was not created in connection with an IRP proceeding the requested support documentation, work papers, source documents, etc. have not been prepared and do not otherwise exist. The support for the forecast provided in part b exists only inthe Company's Load Forecasting System. Kentucky Power will make the supporting information available, subject to the execution of a non-disclosure agreement, as it exists in the Company's Load Forecasting System at Kentucky Power's Regulatory offices located in Frankfort, Kentucky.

Witness: Alex E. Vaughan

DATA REQUEST

AG_1_381 Economic Growth Forecasts

a. Provide any analysis the Company is aware of within the past two years which forecasts economic development within the Company's service territory.
b. Indicate for each analysis provided in response to (a) above if the Company supports the findings of the analysis on a general basis.
c. Has the Company conducted any internal analysis of economic growth in its service territory within the past two years?
d. To the extent the Company's response to (c) above is in the affirmative, provide copies of each analysis the Company has conducted internally within the past two years of economic growth in its service territory.
e. Provide all supporting workpapers and source documents supporting the Company's response in electronic spreadsheet form with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

a. The Company is unaware of any such analysis.

b. Not applicable.

c. Yes. AEPSC's Economic Forecasting group monitors the various economic indicators historical performance and projections for Kentucky Power's service territory as part of the Company's annual load forecast development and review process.

d. Please refer to KPCO_R_AG_1_381_Attachment1c.xls for the economic analysis slides from the load forecast review presentation with Kentucky Power management on May 18, 2016. Please refer to KPCO_R_AG_1_381_Attachment 2c.xls for the economic analysis slides from the load forecast review presentation to Company management on May 12, 2017.

e. See KPCO_R_AG_1_381_Attachment1e.xlsx and KPCO_R_AG_1_381_Attachment2e.xlsx for the source data from Moody's Analytics.

Witness: Ranie K. Wohnhas

DATA REQUEST

AG_1_382 Internal Performance Metrics

a. Identify the Company department or departments involved with marketing commercial and industrial service to potential new customers looking at locating within the Company's service territory.
b. Provide a detailed narrative describing the process by which the Company judges the performance of department(s) and its employees marketing commercial and industrial service to potential new customers.
c. Identify all metrics the Company relies upon to judge the performance of department(s) and its employees marketing commercial and industrial service to potential new customers.
d. Provide all analyses the Company has performed within the past 10 years which have evaluated the performance of its department(s) in charge of marketing commercial and industrial service to potential new customers.
e. Provide the requested documents in electronic form with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, please provide the information in the form that most closely matches what has been requested.

RESPONSE

a. Kentucky Power's External Affairs group is responsible for the Company's economic development efforts.

b.-c. Kentucky Power evaluates the performance of individuals responsible for economic development efforts as part of its normal personal performance evaluation process.

d.-e. No responsive documents exist.

Witness: Brad N. Hall

DATA REQUEST

AG_1_383 Low Income Assistance

a. Provide a detailed narrative describing the programs the Company has in place to assist low income customers.
b. Provide, by program, the annual expenses for each of the years 2007 through 2017 to date associated with low income assistance programs.
c. Provide, by program, budgeted expenses for each of the years 2017 through 2021 associated with low income assistance programs.
d. Provide all supporting workpapers and source documents supporting the Company's response in electronic spreadsheet form with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

a.

The Targeted Energy Efficiency (TEE) DSM program provides supplemental funding to local Community Action Agencies. These agencies in turn use the funding to provide weatherization services to qualifying low-income residential households. These weatherization services are provided to both site-built and manufactured housing.

Home Energy Assistance Program (HEAP) provides assistance to low income customers in need of assistance in paying their electricity bills. Kentucky Power recovers a HEAP surcharge from residential customers pursuant to Tariff H.E.A.P. and the Company matches on a dollar-for-dollar basis all funds collected from customers.

b.

TEE DSM program

2007 $225,820

2008 $256,242

2009 $273,480

2010 $347,248

2011 $280,994

2012 $264,660

2013 $141,648

2014 $198,271

2015 $283,366

2016 $277,872

2017 (Jan - Jun) $134,514

HEAP

2007 - 2008 $481,246

2008 - 2009 $356,178

2009 - 2010 $173,259

2010 - 2011 $277,937

2011 - 2012 $427,850

2012 - 2013 $415,468

2013 - 2014 $549,809

2014 - 2015 $653,498

2015 - 2016 $482,567

2016 - 2017 $446,143

2017 - 2018 (April - July) $84,823

c.

TEE program filed budget.

2017 $308,520

2018 - 2021 $0 (The budget for the TEE is filed annually in the Company's DSM application).

HEAP Budget Estimate:

2017 - 2018 $493,132

2018 - 2021 $657,509

d.

Please refer to KPCO_R_AG_1_383_Attachment1.pdf, KPCO_R_AG_1_383_Attachment2.xls, and KPCO_R_AG_1_383_Attachment3.xlsx for this response.

Witness: Stephen L. Sharp

DATA REQUEST

AG_1_384 Competitiveness in Region

a. Provide a detailed narrative describing the metrics the Company uses to gauge the competitiveness of its rates and service to other utilities.
b. Identify an appropriate peer group that the Company uses to gauge the competitiveness of its rates and services to other utilities.
c. Provide all analyses and/or benchmarking studies the Company has conducted within the past 10 years discussing the competitiveness of its rates and services to other utilities.
d. Provide the requested documents in electronic form with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

a. The Company uses the semi-annual EEI Rate Comparison - Industrial and Residential report to compare its rates to other utilities.

b. Other utilities in the Commonwealth of Kentucky form an appropriate peer group.

c. The requested information was not prepared.

d. N/A..

Witness: Ranie K. Wohnhas
Alex E. Vaughan

DATA REQUEST

AG_1_385 Special Contracts

a. Provide a detailed narrative discussing the Commission process for evaluating special contracts negotiated between the Company and its customers.
b. Identify all special rate contracts the Company has entered into with customers within the past 10 years.
c. For each special rate contract entered into by the Company within the past 10 years, provide the terms of the contract, including the duration and negotiated rate (including base rate class rate).
d. If the evaluation of special rate contracts is docketed by the Commission, please identify the docket associated with each of the Company's special rate contracts entered into by the Company, regardless of whether or not the Commission approved the special rate contract.

RESPONSE

a. Kentucky Power submits all special contracts to the Commission for approval pursuant to 807 KAR 5:011, Section 13 using the Commission's electronic tariff filing system. The Commission either approves the special contract, rejects the special contract, or suspends the special contract pending further investigation. Kentucky Power is not otherwise privy to the Commission's "process for evaluating special contracts negotiated between Kentucky Power and its customers."

b-d. Kentucky Power has not entered into any special rate contracts with customers within the past ten years.

Witness: Ranie K. Wohnhas
Alex E. Vaughan

DATA REQUEST

AG_1_386 Projected Impacts

a. Provide an estimate of the annual number of jobs projected to be created by the Company's economic development activities in the years 2017 through 2021.
b. Provide the estimated annual expense associated with the Company's economic development activities in the years 2017 through 2021.
c. Provide all supporting workpapers and source documents supporting the Company's response in electronic spreadsheet form with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

a. Page 12 of the testimony of Company Witness Hall summarizes the estimated job creation for projects that have announced their intention to locate within the Company's service territory. The Company is unable to estimate any additional job creation numbers because the number and type of jobs created would depend on the specific nature of any new economic development project that comes to fruition.

b-c. Please see KPCO_R_AG_1_386_Attachment1.pdf for the Company's estimate of funds that will be invested in economic development in the Company's service territory during the years 2017-2021.

Witness: Brad N. Hall

DATA REQUEST

AG_1_387 New Customer Revenues

a. Identify the incremental revenue generated by new or expanded customer electricity use supported by the Company’s economic development activities for each year since the initial year of Company economic development support, and 2017 to date.
b. Identify the incremental revenue forecasted to be generated by new or expanded customer electricity use supported by the Company’s economic development activities for each of the years 2018 through 2021.
c. Provide all supporting workpapers and source documents supporting the Company’s response in electronic spreadsheet form with all links and formulas intact, source data used, and explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, provide the information in the form that most closely matches what has been requested.

RESPONSE

a. Please see KPCO_R_AG_1_387_Attachment1.xls for the requested information. This attachment only provides the revenue during the past year associated with new customer electricity use supported by the Company’s economic development activities. The Company’s customer revenue records do not permit additional historical information from being developed. Additionally, the Company is unable to separately identify increases in revenue associated with expansions arising from the Company’s economic development efforts. There is no way from the Company’s records to determine whether the cause of a change in a customer’s electricity usage is attributable to an expansion or other variables.

b.-c. See the Company's response to AG 1-346 for the Company's sales forecast. Forecasted sales from the Company's economic development activities have not been forecast separately from other sales. See also KPCO_R_AG_1_360_Attachment2.xls for information identifying new customers supported by the Company’s economic development activities.

Witness: Alex E. Vaughan
Brad N. Hall

DATA REQUEST

AG_1_388 Provide all documents, reports, analyses, presentations (including those to management, investors, or management of the Company's parent), emails or other correspondence since 2007 that discuss the performance of the Company's marketing of commercial and industrial service to potential new customers looking at locating within the Company's service territory.

RESPONSE

Kentucky Power objects to this request on the ground that it is overly broad and unduly burdensome as it seeks "all documents, reports, analyses, presentations (including those to management, investors, or management of the Company's parent), emails or other correspondence" over a ten year period during which the Company sought and received two general rate adjustments.

Notwithstanding these objections, Kentucky Power typically does not generate materials that discuss the performance of marketing materials to new customers.
Witness: Matthew J. Satterwhite

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

DATA REQUEST

AG_1_389 Provide all documents, reports, analyses, presentations (including those to management, investors, or management of the Company's parent), emails or other correspondence since 2007 that discuss the potential to expand its economic development opportunities to new customers.

RESPONSE

Kentucky Power objects to this request on the ground that it is overly broad and unduly burdensome as it seeks "all documents, reports, analyses, presentations (including those to management, investors, or management of the Company's parent), emails or other correspondence" over a ten year period during which the Company sought and received two general rate adjustments.

Notwithstanding these objections, please refer to Company Witness Satterwhite's testimony at 10-11, 15-17, 18-19 and Company Witness Hall's testimony *passim*.

Witness: Matthew J. Satterwhite

DATA REQUEST

AG_1_390 For the purpose of this request, please refer to the Direct Testimony of Brad N. Hall, pages 15 and 16, which present a table of grant recipients through the K-PEGG Program. Update this information for any new grant recipients subsequent to the preparation of this table.

RESPONSE

Please refer to KPCO_R_AG_1_390_Attachment1.pdf for an updated table of K-PEGG grant recipients . The Company has approved new K-PEGG program grants, but those funds have not yet been disbursed.

Witness: Brad N. Hall

DATA REQUEST

AG_1_391 For the purpose of this request, refer to the Direct Testimony of Brad N. Hall, pages 22 and 23, which present a table of grant recipients under the KEAP program. Update this information for any new grant recipients subsequent the preparation of this table.

RESPONSE

The Company has not issued any KEAP grants subsequent to the preparation of the table on pages 22 and 23 of the testimony of Company Witness Hall.

Witness: Brad N. Hall

DATA REQUEST

AG_1_392 Refer to the testimony of Matt Satterwhite, p. 12. Confirm that the Company collects the Kentucky Economic Development Surcharge ("KEDS") via a per meter charge.

RESPONSE

Confirmed.

Witness: Brad N. Hall

DATA REQUEST

AG_1_393 Refer to the testimony of Matt Satterwhite, p. 12. Confirm that the Company collects the same amount per meter through the KEDS regardless of the classification of the customers. (i.e. residential, commercial, industrial)

RESPONSE

Confirmed.

Witness: Brad N. Hall

DATA REQUEST

AG_1_394 Confirm that although customers pay the KEDS on a per meter basis, any direct benefit they may receive via increased load on Kentucky Power's system would be primarily reflected as a reduction to Kwh.

RESPONSE

Not confirmed. Increased load on the Kentucky Power system would have no impact on the amount of energy used by any individual customer. Increased load would allow the Company to spread its fixed costs over a larger load, reducing the fixed cost portion of the per kWh costs recovered from any individual customer.

Witness: Brad N. Hall

DATA REQUEST

AG_1_395 Refer to the testimony of Brad Hall, p. 14.
a. How was the K-PEGG program review team chosen?
b. Were customers provided the opportunity to nominate or choose any members of the team?
c. Did the Public Service Commission approve the positions to be represented or the individuals chosen to be representatives?

RESPONSE

a. The Company selected the K-PEGG review team to ensure a mix of Company leaders who represent various departments and geographical areas of Kentucky Power's service territory. In addition, the Company included on the review team representatives from the Kentucky Association for Economic Development and the Kentucky Cabinet for Economic Development. The review team was selected to provide a breadth of insight and knowledge to evaluate each application's merit with regard to the program's mission of economic advancement.

b. No. The Company selected the team based on experience and understanding of community and economic development as well as availability to participate in the process confidentially, frequently, and reliably. Economic development and community development are technical processes and require understanding of the process to evaluate applications appropriately.

c. No. The K-PEGG review team is an internal committee. Kentucky Power submits annual reports to the Commission describing the amount collected through the KEDS, the amount matched by the Company, and the amount, recipients, and purposes of expenditures of funds through the K-PEGG program.

Witness: Brad N. Hall

DATA REQUEST

AG_1_396 Refer to the testimony of Brad Hall, p. 14. Confirm that Kentucky Power's President has the final authority to approve or deny K-PEGG grants. What is the basis for providing the Kentucky Power President final authority?

RESPONSE

The Company cannot confirm the statement. If the President and Chief Operating Officer disagree with the committee's recommendation the application is returned to the committee for reconsideration in light of the President and Chief Operating Officer's comments. The committee may accept the President and Chief Operating Officer's comments or may return it with additional information and support to the President and Chief Operating Officer for further consideration.

Witness: Brad N. Hall

DATA REQUEST

AG_1_397 Refer to the testimony of Brad Hall, p. 26. How much of the $300,000 from AEP's Economic and Business Developments Group funds does the cost of the InSite Gap Analysis Report represent?

RESPONSE

$105,176.06

Witness: Brad N. Hall

DATA REQUEST

AG_1_398

Refer to the Testimony of Witness Sharp pg. 19, section 12. Also, refer to the Testimony of Witness Sharp in the previously separate, but now consolidated, case 2017-00231, as well as the related Exhibits SLS-1 and SLS-2 (a 2014 J.D. Power and Associates Electric Utility Residential Customer Satisfaction Survey and proposed KPCo redesigned bills, respectively).

a. Some of the figures in the attached survey [Case No. 2017-00231, Exhibit SLS-1] were marked as "small sample." Provide the complete methodology, sample size, customer responses, and computation of statistics for this survey, and explain in detail how you based the decision to reformat bills company-wide on this information.

b. If you conducted other surveys, followed up on this survey, or gathered more information on this topic, provide all methodologies, questions, responses, statistics, and criteria for those surveys or information gathering.

c. If you did not conduct further studies, explain why this survey and the information provided was sufficient, e.g., accounting for variables, using a large enough sample size, allowing for change due to the passage of time—given the survey was completed in 2014.

d. Refer to Witness Sharp's Testimony in 2017-00231, pg. 3, line 1. Explain the extent of KPCo's "customer outreach efforts", especially as they relate to the "larger AEP-wide effort by the AEP operating companies to improve all aspects of the service they provide their customers in response to issues raised in the J.D. Power Survey."

e. Explain whether in the course of this study and the Company's customer outreach effort, the Company ever discussed the cost of the bill redesign with customers, or whether the cost of bill formatting would be built into future rate increases.

f. Explain whether any customers expressed a willingness to pay an increased rate if the bill was simpler, and provide all information regarding any such exchange.

Refer to Witness Sharp's Testimony in 2017-00231, pg. 4, line 4. Explain how much of the bill redesign is attributable to "input from Kentucky Power employees, many of whom are also customers."

RESPONSE

a. As described below, the lower customer satisfaction scores served as the catalyst for the evaluating the format of the Company's billing correspondence. Exhibit SLS-1 is a summary from the 2014 J.D. Power Electric Utility Residential Customer Satisfaction Study. This syndicated annual study includes the largest Investor Owned, Municipal and Cooperative utilities in the US. Those utilities are divided up both by size and geographic location. Those utilities with 100,000 to 499,999 residential electric customers are classified as Midsize. Those with 500,000 or more residential customers are classified as Large. Within each of those two size categories there are four geographic regions: East. Midwest, South and West. Beginning with the 2016 study the Cooperatives were split out as their own category due to their unique relationship with their customers also being the owners, thus resulting in a total of nine segments. This study is a national syndicated study in which sample is obtained independently from those utilities in the study and the methodology is established by J.D. Power. The annual study runs mid-year to mid- year with each wave fielded the first two months of the three month wave. The current 2017 study obtained responses from July 2016 through May 2017.

The 2014 study ranked a total of 138 utility brands. Sample for the online study was obtained from seven different national online panels. A total of over 104,000 online interviews with electric utility residential customers were conducted. Kentucky Power had 289 completed surveys in the 2014 study. Because not all respondents indicate they have a customer service interaction (live agent, automated system or online) in the three months prior to completing the survey, a smaller number of responses are recorded for customer service items. Data based on less than 50 responses are tagged with an asterisk (*) to designate a small sample size.

The more recent 2017 study ranked a total of 138 utility brands. Sample for the online study was obtained from four different national online panels. A total of over 99,000 online interviews with electric utility residential customers were conducted, with a median length of approximately 16 minutes per interview. Kentucky Power had 313 completed surveys in the recent 2017 study.

The study's major outcome metric is the Customer Satisfaction Index (CSI) score, a single objective measure by which electric utility companies can analyze their residential customers' satisfaction relative to the competition. A total of 36 attributes are used to calculate the overall index and factors for residential electric service. The grouping of these attributes into six factors (Power Quality & Reliability, Price, Billing & Payment, Corporate Citizenship, Communications, and Customer Service) is confirmed using factor analysis. The relative importance associated with each of the 36 attributes and six factors is determined using regression analysis. Together they represent a balanced synthesis of the overall residential customer experience. The traditional research approach of assigning values to individual responses within a question is used in the initial weighting stage of the index. Rating scales are assigned positive values for each point. This study employs a 10-point scale, ranging from

Unacceptable (1) to Outstanding (10) with a midpoint of Average (5). The mean score is simply the mathematical average of all ratings.

J.D. Power does not permit subscribing utilities to share individual responses with any third party outside of that utility. As such Kentucky Power cannot provide customer responses to the survey.

b. Kentucky Power participated in the 2015, 2016 and recently completed 2017 J.D. Power Electric Utility Residential Customer Satisfaction Studies as follow up to the 2014 study. A similar results summary is KPCO_R_AG_1_398_Attachment1.pdf

Kentucky Power also participates in random reputational studies of its residential and commercial customers using a mixed telephone and online methodology. Those studies are fielded and managed by The MSR Group out of Omaha, Nebraska on behalf of AEP and its operating companies. Each of the seven AEP Operating Companies has an annual completed quota of 600 residential customer surveys (60% phone, 40% online) and 600 commercial customer surveys (80% phone, 20% online). A random over sampling of each customer class from AEP's customer information system. MACSS, is performed monthly and securely transferred to The MSR Group for fielding and analysis. AEP is provided quarterly SPSS formatted datasets of results and also has ongoing access to near real time results via a secure MSR online portal. For the topic of customer bills these surveys have two questions. They are as follows:

Q5: Next, I am interested in learning how Kentucky Power performs on some specific things. For each item I read, I would like you to tell me how Kentucky Power's performance meets your expectations. Please tell me if they do an Excellent, Good, Just Okay, Poor or Terrible job.

Q5e: Making bills easy to understand

Q5f: Providing accurate bills

Responses to these questions may be found in KPCO_R_AG_1_398_Attachment2.xlsx and KPCO_R_AG_1_398_Attachment3.xlsx.

In preparation for a bill redesign, AEP fielded an online survey in June of 2016 using the QuestionPro survey software. The study was designed, managed and summary results reported by the AEP Performance Management Group. The questionnaire is KPCO_R_AG_1_398_Attachment4.pdf, the responses are KPCO_R_AG_1_398_Attachment5.xlsx and the summary report is KPCO_R_AG_1_398_Attachment6.pdf

Kentucky Power participates in the proprietary AEP Insight panel, an opt-in online panel of over 5,000 residential AEP customers. Bellomy Research, an independent third party market research firm, manages the AEP Insight Panel and fielded a panel study on bill redesign in February of 2017. That study obtained 1,365 completed surveys of which 235 were from Kentucky Power panelists. The full report from that study is KPCO_R_AG_1_398_Attachment7.pdf The study methodology is described on the last page of that report. The questionnaire is KPCO_R_AG_1_398_Attachment8.pdf and the responses are KPCO_R_AG_1_398_Attachment9.xlsx.

c. Not Applicable.

d. Please refer to KPSC 2-78 and KPSC 2-80 for this response.

e. No.

f. No.

g. While employees did provide input and feedback in the bill redesign process, much of the bill redesign is attributable to feedback the Company received from the customers.

Witness: Stephen L. Sharp