

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

KENTUCKY INDUSTRIAL UTILITY CUSTOMERS,	)	
INC., COMPLAINANT	)	
v.	)	CASE NO.
KENTUCKY POWER COMPANY, DEFENDANT	)	2018-00035

**ATTORNEY GENERAL’S SUPPLEMENTAL DATA REQUESTS  
TO KENTUCKY POWER COMPANY**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (“AG”), and submits these Supplemental Data Requests to Kentucky Power Co. (“Company” or “KPCo”) to be answered by the date specified in the Commission’s Order of Procedure, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for KPCo with an electronic version of these questions, upon request.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity

that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, request clarification directly from Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify the Office of the Attorney General as soon as possible.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or

otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, state: the identity of the person by whom it was destroyed or

transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

ANDY BESHEAR  
ATTORNEY GENERAL



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Kentucky Industrial Utility Customers, Inc., Complainant  
v.  
Kentucky Power Company, Defendant  
Case No. 2018-00035  
Attorney General's Supplemental Data Requests

1. Refer to the Settlement Testimony of Matthew A. Horeled (“Horeled Settlement Testimony”) pages 5-6 and the Settlement Agreement in this matter.
  - a. Confirm that the “protected” amount of excess ADIT was calculated in conformity with KPCo’s response to the AG’s Initial Data Request, item nos. 1 and 2.
  - b. Confirm that the “unprotected” amount of excess ADIT was calculated in conformity with KPCo’s response to the AG’s Initial Data Request, item nos. 1 and 2.
  
2. Refer to the Horeled Settlement Testimony, pages 10-12.
  - a. Does KPCo believe Moody’s revised outlook reflected Moody’s understanding of the effect of the Tax Cuts and Jobs Act (“TCJA”) on KPCo, or does KPCo believe it reflects the current standing of KPCo (as of March 21, 2018), whereas any degradation of free cash flow may exacerbate Moody’s concern? Explain.
  - b. Does KPCo understand what time period Moody’s anticipated the “unprotected” excess ADIT would be returned when it made its March 21, 2018 credit outlook revision ?
  - c. Has KPCo or any of its affiliates had any conversation with Moody’s, its employees or representatives about the amortization of KPCo’s “unprotected” excess ADIT? If so, provide an overview of any such conversations, and recommendations, if any, of Moody’s regarding the time period over which “unprotected” excess ADIT should be returned to maintain KPCo’s credit rating. Any response should provide an overview of the March 15, 2018 meeting with Moody’s, including any determination as to a preferred period for the amortization of excess “unprotected” ADIT.
  - d. Did Moody’s provide KPCo, or any affiliate, any documents describing, concerning, or explaining its credit outlook revision? If so, provide those documents that are not already part of the record.
  
3. Does KPCo expect its percentage of total debt as a percentage of total capitalization to change materially between now and January 2021? Explain.
  
4. Provide the effect on the Company’s cash flow to debt metrics from the 10-year amortization of “unprotected” excess ADIT as a result of FERC Docket EL 17-13-000.
  - a. Provide a reference as to the magnitude between the “unprotected” ADIT that are subject of the FERC docket cited above and the Kentucky Jurisdictional amount subject to the proposed Settlement Agreement.

Kentucky Industrial Utility Customers, Inc., Complainant  
v.  
Kentucky Power Company, Defendant  
Case No. 2018-00035  
Attorney General's Supplemental Data Requests

- b. Provide the reduction in annual cash flow for years 2018-2020 as a result of the settlement in the FERC docket cited above.
5. Does the proposed Settlement Agreement provide compensation to KPCo in the form of a return on additional capital that may be necessary as a result of the TCJA?
6. Provide the remaining amortization of KPCo's regulatory asset associated with the Decommissioning Rider.
  - a. Confirm that a significant sum of the "unprotected" excess ADIT are a result of the regulatory asset associated with the Decommissioning Rider.
7. Should there be a change in Kentucky law allowing for the securitization<sup>1</sup> of utility property, at a utility's behest or otherwise, is KPCo aware of any effect on the ability to securitize the regulatory asset associated with the Decommissioning Rider and approved in Case No. 2014-00396, as a result of the amortization of excess ADIT associated with the regulatory asset? If so, please explain.

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<sup>1</sup> The Attorney General's request and any response should assume securitization has the same or similar meaning as imputed to it by Kentucky Power's parent, American Electric Power. Reference is made to the below citation to American's Electric Power's use of the term.  
<https://www.aep.com/investors/FinancialFilingsAndReports/UtilitySecuritizations/>