

**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) Approval Of Tariffs And Riders; (3) )  
Approval Of Accounting Practices To Establish )  
Regulatory Assets And Liabilities; (4) Approval Of A )  
Certificate Of Public Convenience And Necessity; )  
And (5) All Other Required Approvals And Relief )

Case No. 2020-00174

**SECTION V**

**Exhibit 2: Adjustments**

**June 29, 2020**

#	2020 Adjustment	2020 Witness
1	Adjustment to Remove Rockport Capacity Charge Revenues	Alex Vaughan
2	Remove Tariff D.R. Revenues and Expenses	Heather Whitney
3	Remove Mitchell FGD Operating Expenses	Lerah Scott
4	Remove Mitchell Plant FGD and Consumable Inventory from Rate Base	Lerah Scott
5	Removal of Mitchell FGD Environmental Surcharge Rider Revenues	Lerah Scott
6	Synchronize Fuel Expense	Alex Vaughan
7	Reset OSS Margin Baseline	Alex Vaughan
8	Remove Tariff P.P.A. Revenues and Expenses	Heather Whitney
9	Remove Tariff D.S.M.C. Revenues and Expenses	Heather Whitney
10	Remove Tariff R.E.A. Revenues and Expenses	Heather Whitney
11	Remove Tariff K.E.D.S. Revenues and Expenses	Heather Whitney
12	Specific Customer Adj	Alex Vaughan
13	Customer Annualization Adjustment	Alex Vaughan
14	Weather Normal Load Revenue Adjustment	Alex Vaughan
15	Adjust Interest on Customer Deposits	Heather Whitney
16	Normalization of Storm Damage Expense (3-yr. avg.)	Lerah Scott
17	Amortization of Big Sandy Unit 1 Operations Rider Deferral	Heather Whitney
18	Rate Case Expense	Brian West
19	Eliminate Advertising Expense	Lerah Scott
20	Annualization of Lease Expense	Heather Whitney
21	Adjust Pension and OPEB Expense	Heather Whitney
22	Adjust Employee Related Group Benefit Expense	Heather Whitney
23	Adjust PJM LSE OATT Expense	Alex Vaughan
24	Adjust PJM Admin Fees	Alex Vaughan
25	Amortization of NERC Compliance and Cybersecurity Cost Deferral	Heather Whitney
26	Remove Severance Expense	Heather Whitney
27-33	KPCo Incentive Compensation Expense Adjustment	Heather Whitney
27-33	KPCo Annualization of Payroll Expense Adjustment	Heather Whitney
27-33	KPCo Overtime Related to Employee Merit Increases Adjustment	Heather Whitney
27-33	KPCo Savings Plan Expense Adjustment	Heather Whitney
27-33	KPCo Medicare Tax Expense Adjustment	Heather Whitney
27-33	KPCo Social Security Tax Expense Adjustment	Heather Whitney
27-33	KPCo Social Security Tax Base Adjustment	Heather Whitney
34	Eliminate Non-Recoverable Business Expenses	Scott Bishop
35	Annualization of Depreciation Expense (Excluding ARO Depreciation)	Heather Whitney
36	Annualization of ARO Depreciation Expense	Heather Whitney
37	Annualization of ARO Accretion Expense	Heather Whitney
38	KPSC Maintenance Assessment	Alex Vaughan
39	Interest Synchronization Adjustment	Heather Whitney
40	AFUDC Offset Adjustment	Heather Whitney
41	Mitchell Coal Stock Adjustment (Coal Inventory Adjustment)	Brian West
42	Remove Big Sandy Unit 2 from Capitalization and Rate Base	Heather Whitney
43	Adjustment to Recognize Accrued Surcharge Revenue Differences	Alex Vaughan
44	Book to Bill	Alex Vaughn
45	Adjust Vegetation Management Tree Trimming	Everett Phillips
46	Elimination of tariff insert Expense	Scott Bishop
47	Rockport UPA Demand Expense	Alex Vaughn
48	Adjustment for Capacity Performance Insurance	Alex Vaughan
49	Adjustment to Defer and Amortize GreenHat Default Charges	Heather Whitney
50	Adjustment to Remove Joint Use Pole Rental Revenue and Expense Related to a Prior Period	Heather Whitney
51	Remove Non-Ongoing Expense Related to the COVID-19 Pandemic	Heather Whitney
52	Remove Insurance Proceeds Related to a Prior Period	Heather Whitney
53	Remove Rockport Bill Adjustment Related to a Prior Period	Heather Whitney
54	Amortization of Deferred Plant Maintenance Costs	Heather Whitney
55	Annualization of Property Taxes	Allyson Keaton
56	To remove an Out-of-Period Sales and Use Tax Audit Adjustment.	Allyson Keaton
57	To remove an Out-of-Period State Business & Occupation Tax Adjustment.	Allyson Keaton
58	Remove Federal Income Tax Rider Expenses	Allyson Keaton
59	Remove Federal Income Tax Rider Revenues	Alex Vaughan
60	Add Deferred Plant Maintenance Regulatory Asset to Capitalization and Rate Base	Heather Whitney
61	Add Deferred Plant Maintenance Regulatory Asset to Capitalization and Rate Base	Heather Whitney
62	Remove NERC Compliance and Cybersecurity Investment from Capitalization and Rate Base	Heather Whitney
63	Anualize End of Period Rates	Alex Vaughan
64	Remove Amortization of Rate Case Expense Deferral	Heather Whitney

**Kentucky Power Company**  
 Adjustment to remove capacity charge revenues  
 Test Year Twelve Months Ended 3/31/2020 W01

LINE NO.	DESCRIPTION	KPCO TOTAL COMPANY ADJUSTMENT	ALLOCATION METHOD	ALLOCATION FACTOR	KENTUCKY PSC RETAIL JURISDICTION ADJUSTMENT
1	44x Billed Retail Revenue	\$ (5,850,478)	Specific	1.00	\$ (5,850,478) <b>Reduce Firm Sales</b>
2	44x Over/Under Retail Revenue	\$ (349,522)	Specific	1.00	\$ (349,522) <b>Reduce Firm Sales</b>
3	44x Total Adj				\$ (6,200,000) <b>Reduce Firm Sales</b>

Witness: Alex Vaughan

Kentucky Power Company  
Remove Tariff D.R. Revenues and Expenses  
Test Year Ended March 31, 2020  
W02

Line No.	Description (a)	FERC Account (b)	Amount (c)	Allocation Factor (d)	Factor (e)	KPSC Jurisdictional Amount (f) = (c * e)
1	Decrease Test Year Revenue to Remove Tariff D.R. Revenues	440-444	\$ (21,011,102)	SPECIFIC	1.000	\$ (21,011,102)
2	Decrease Test Year O&M Expense for Big Sandy Coal O&M Costs:					
3	Fuel Expenses	501	(240,771) (1)	EAF	0.986	(237,400)
4	Steam Power Expenses	506	(759)	PDAF	0.985	(747)
5	Administrative & General Expenses	920	(5,234)	A&G	0.985	(5,155)
6	Office Supplies Expenses	921	(13,083)	A&G	0.985	(12,887)
7	Rent Expenses	931	(184)	A&G	0.985	(181)
8	Subtotal		<u>\$ (260,031)</u>			<u>\$ (256,371)</u>
9	Increase Test Year O&M Expense for Big Sandy Coal O&M Deferral	512	\$ 260,031	PDAF/EAF/A&G	0.986	\$ 256,371
10	Decrease Test Year ARO Accretion Expense for Big Sandy Coal	411.1	\$ (1,621,436)	PDAF	0.985	\$ (1,597,114)
11	Increase Test Year ARO Accretion Expense for Big Sandy Coal ARO Deferral	411.1	\$ 1,621,436	PDAF	0.985	\$ 1,597,114
12	Decrease Test Year Amortization Expense for Big Sandy Coal Amortization	407.3	\$ (6,002,692)	SPECIFIC	1.000	\$ (6,002,692)

(1) Represent costs incorrectly charged to Kentucky Power and the Decommissioning Rider ("Tariff D.R."). Costs will be removed from the Decommissioning Rider in the second quarter

Witness: H.M. Whitney

Kentucky Power Company  
 Eliminate Mitchell FGD Operating Expenses  
 Test Year Ended 3/31/2020  
 W03

Line No. (1) Description (2)

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Total
<b>Total Operating Expense</b>	\$ 135,032	\$ 253,032	\$ 471,980	\$ 363,458	\$ 218,465	\$ 219,947	\$ 732,093	\$ 211,280	\$ 81,891	\$ 149,839	\$ 371,801	\$ 318,071	
1 502X-Consumables	\$ 16,698	\$ 16,708	\$ 16,708	\$ 16,708	\$ 16,711	\$ 16,711	\$ 16,711	\$ 16,714	\$ 16,714	\$ 16,714	\$ 16,715	\$ 16,715	
2 408100515--Property Tax	\$ 810,157	\$ 810,625	\$ 810,625	\$ 810,625	\$ 810,773	\$ 810,800	\$ 810,806	\$ 810,940	\$ 810,951	\$ 810,951	\$ 810,995	\$ 810,995	
3 4030001--Depreciation	\$ (60,122)	\$ (25,755)	\$ (35,101)	\$ (43,808)	\$ (65,721)	\$ (65,028)	\$ (59,279)	\$ (30,269)	\$ (18,878)	\$ 3,577	\$ (60,012)	\$ 4,091	
4 5010027--Gypsum Disposal	\$ 48,176	\$ 62,767	\$ 85,126	\$ 66,392	\$ 106,715	\$ 60,499	\$ 171,651	\$ 70,408	\$ 70,307	\$ 136,932	\$ 16,046	\$ 96,255	
5 5120000--FGD Maintenance Expense	\$ 949,941	\$ 1,117,376	\$ 1,349,338	\$ 1,213,375	\$ 1,086,942	\$ 1,042,929	\$ 1,671,982	\$ 1,079,072	\$ 960,985	\$ 1,118,013	\$ 1,155,545	\$ 1,246,128	
<b>6 Total Mitchell FGD Operating Expenses</b>	\$ 93.6%	\$ 95.5%	\$ 95.6%	\$ 86.4%	\$ 92.2%	\$ 91.7%	\$ 95.4%	\$ 96.7%	\$ 97.5%	\$ 96.1%	\$ 96.8%	\$ 97.2%	
<b>Retail Allocation Factor</b>													
<b>Retail Allocation of FGD Expenses</b>	\$ 126,329	\$ 241,624	\$ 450,982	\$ 314,064	\$ 201,376	\$ 201,627	\$ 698,698	\$ 204,224	\$ 79,870	\$ 144,057	\$ 359,764	\$ 309,183	\$ (3,331,798)
8 502X-Consumables	\$ 15,622	\$ 15,954	\$ 15,964	\$ 14,437	\$ 15,404	\$ 15,319	\$ 15,949	\$ 16,156	\$ 16,302	\$ 16,069	\$ 16,174	\$ 16,248	\$ (189,598)
9 408100515--Property Tax	\$ 757,941	\$ 774,078	\$ 774,561	\$ 700,461	\$ 747,351	\$ 743,265	\$ 773,821	\$ 783,860	\$ 790,941	\$ 779,658	\$ 784,738	\$ 788,331	\$ (9,199,006)
10 4030001--Depreciation	\$ (56,247)	\$ (24,594)	\$ (33,539)	\$ (37,855)	\$ (60,580)	\$ (59,611)	\$ (56,575)	\$ (29,258)	\$ (18,412)	\$ 3,439	\$ (58,070)	\$ 3,977	\$ 427,325
11 5010027--Gypsum Disposal	\$ 45,071	\$ 59,937	\$ 81,338	\$ 57,370	\$ 98,367	\$ 55,460	\$ 163,821	\$ 68,057	\$ 68,572	\$ 131,648	\$ 15,527	\$ 93,565	\$ (938,733)
12 5120000--FGD Maintenance Expense													
<b>Total FGD Operating Expense Adjustment</b>													\$ (13,231,810)

Witness: Lerah M. Scott

Kentucky Power Company  
Adjustments to Remove Mitchell Plant FGD and Consumable Inventory from Rate Base  
Test Year Ended 3/31/2022  
W04

<u>Line No.</u> (1)	<u>Description</u> (2)	<u>KPCO Total Company Adjustment</u> (3)	<u>Allocation Code</u> (4)	<u>Allocation Factors</u> (5)	(6)	<u>Kentucky PSC Retail Jurisdiction Adjustment</u> (7)
FGD 1	Mitchell FGD Electric Plant In Service	\$ 328,781,793	PDAF	0.985	\$ 323,850,066	
FGD 2	Less Accum. Prov. For Depreciation	\$ 123,419,411	PDAF	0.985	\$ 121,568,119	
FGD 3	Less Accumulated Deferred Income Tax	\$ 34,675,062	PDAF	0.985	\$ 34,154,936	
4	<b>Net Rate Base Reduction (Ln 1 - Ln 2 - Ln 3)</b>					<u>\$ (168,127,011)</u>
5	<b>Remove FGD Consumable Inventory</b>	\$ 1,723,249	EAF	0.986		<u>\$ (1,699,124)</u>
						1540006
						1540022

Witness: Lerah M. Scott

Kentucky Power Company  
 Removal of Mitchell FGD Environmental Surcharge Rider Revenues  
 Test Year Twelve Months Ended 3/31/2020  
 W05

Line No. (1)	Description (2)	Amount (3)
1	Billed & Accrued Environmental Surcharge Revenues for Test Year	\$ 30,030,017
2	Tariff ES Environmental Base Revenue for Test Year	\$ 44,379,316
3	Non-FGD Retail Revenues to Remain in Base Rates	\$ 45,622,682
4	Subtotal Environmental Cost Recovery Revenues (1+2-3)	<u>\$ 28,786,651</u>
5	Less Deferrals: 4030029 Over/Under	\$ (464,470)
		464,470 PDAF
		0.985 \$
		<u>Allocated Adj Amount</u> 457,503

Witness: Lerah M. Scott

Kentucky Power Company  
 Synchronize Fuel Expense  
 Test Year Ended 3/31/2020  
 W06

Line No.	<u>Description</u> (2)	<u>Amount</u> (3)
1	Fuel Adjustment Clause Revenue 44X	\$ (3,204,660) Workpaper
2	Base Fuel Revenue 44X	\$ 150,493,130 Workpaper
3	Total Fuel Revenue 44X	<u>147,288,470</u>
4	Total Fuel Expense in JCOS 501	\$ 144,682,106 Workpaper
5	Deferred Fuel Expense 5010005	<u>2,988,121</u> Income Statement
6	Total Fuel Expense	<u>147,670,227</u>
7	TY Fuel Difference in JCOS	381,757 Net Expense
8	Synchronize TY Fuel in JCOS - 501005	381,757 Decrease Fuel Expense
9	Remove FAC Revenues from TY - 44X	3,204,660 Increase Firm Sales Revenue
10	Offset FAC Revenue Removal in Fuel 501005	3,204,660 Increase Fuel Expense
11	Net Impact of Adjustment	381,757 Decrease Fuel Expense

Witness: Alex Vaughan



**Kentucky Power Company**

**Adjustment to reset OSS margin baseline to test year OSS margin amount.**

**Test Year Twelve Months Ended 3/31/2020**  
**W07**

LINE NO.	DESCRIPTION	KPCO TOTAL COMPANY ADJUSTMENT	ALLOCATION METHOD	ALLOCATION FACTOR	KENTUCKY PSC RETAIL JURISDICTION ADJUSTMENT
	<u>Off System Sales</u>				
1	44x SSC Billed Retail Revenue	\$ (1,418,449)	Specific	1.00	\$ (1,418,449) <b>Decrease Firm Sales</b>
2	44x SSC Deferral	\$ 1,109,363	Specific	1.00	\$ 1,109,363 <b>Increase Firm Sales</b>
					\$ (309,086) <b>Decrease Firm Sales</b>

Witness: Alex Vaughan

Kentucky Power Company  
Remove Tariff P.P.A. Revenues and Expenses  
Test Year Ended March 31, 2020  
W08

Line No.	Description (a)	FERC Account (b)	Amount (c)
1	<b>Remove Tariff P.P.A. Revenue</b>		
2	Remove Customer Credit From Billed Revenue	440-444	2,098,615
3	<b>Increase to Revenue</b>		<b>2,098,615</b>
4	Allocation Factor - SPECIFIC		1.000
5	KPSC Jurisdictional Amount (Ln 3 X Ln 4)		<b>2,098,615</b>
6	<b>Remove Tariff P.P.A. O&amp;M Expense</b>		
7	Remove Rockport Expense Recovered Through Tariff P.P.A.	555	(1,250,000)
8	Remove Rockport PPA Recovery	555	1,250,000
9	Remove PJM OATT LSE Expense	456/566	(6,428,996)
10	Remove Interruptible Service Credit Expense	555	(854,641)
11	Remove Tariff P.P.A. (Over)/Under Recovery	566	9,382,251
12	<b>Increase to O&amp;M Expense</b>		<b>2,098,615</b>
13	Allocation Factor - SPECIFIC		1.000
14	KPSC Jurisdictional Amount (Ln 12 X Ln 13)		<b>2,098,615</b>

Witness: H.M. Whitney

Kentucky Power Company  
Remove Tariff D.S.M.C. Revenues and Expenses  
Test Year Ended March 31, 2020  
W09

Line No.	Description (a)	FERC Account (b)	Amount (c)
1	<u>Test Year Other Electric Revenue:</u>		
2	Remove Demand Side Management ("DSM") Rider Refund		\$ 717,020
3	Remove DSM Incentive Revenue Accrued		(2,126)
4	Remove DSM Lost Revenue Accrued		(299,488)
5	Remove DSM Revenue Recovery of Incentives, Lost Revenue		(219,144)
6	<b>Net Increase in Test Year Other Electric Revenue</b>	456	\$ 196,263
7	Allocation Factor - SPECIFIC		1.000
8	KPSC Jurisdictional Amount (Ln 6 X Ln 7)		<u>\$ 196,263</u>
9	<u>Test Year O&amp;M Expense Related to Program Costs:</u>		
10	Remove DSM O&M for Refund of Program Costs		\$ 497,876
11	Remove DSM O&M for Program Costs Expense		(288,755)
12	Remove DSM O&M Credits for Program Costs Deferred		288,755
13	<b>Net Increase in Test Year O&amp;M Expense Related to Program Costs</b>	908	<u>497,876</u>
14	Allocation Factor - SPECIFIC		1.000
15	KPSC Jurisdictional Amount (Ln 13 X Ln 14)		<u>\$ 497,876</u>

Witness: H.M. Whitney

Kentucky Power Company  
 Remove Tariff R.E.A. Revenues and Expenses  
 Test Year Ended March 31, 2020  
 W10

Line No.	Description (a)	FERC Account (b)	Amount (c)
1	Decrease in Test Year Retail Revenue for Tariff R.E.A. Revenue	440-444	\$ (482,478)
2	Allocation Factor - SPECIFIC		1,000
3	KPSC Jurisdictional Amount (Ln 4 X Ln 5)		<u><u>\$ (482,478)</u></u>
4	Decrease in Test Year O&M for Tariff R.E.A. Expense	908	\$ (482,478)
5	Allocation Factor - SPECIFIC		1,000
6	KPSC Jurisdictional Amount (Ln 4 X Ln 5)		<u><u>\$ (482,478)</u></u>

Witness: H.M. Whitney

Kentucky Power Company  
 Remove Tariff K.E.D.S. Revenues and Expenses  
 Test Year Ended March 31, 2020  
 W11

Line No.	Description (a)	FERC Account (b)	Amount (c)
1	Decrease Test Year Retail Revenue for Tariff K.E.D.S. Revenue	440-444	\$ (370,224)
2	Allocation Factor - SPECIFIC		1,000
3	KPSC Jurisdictional Amount (Ln 1 X Ln 2)		<u>\$ (370,224)</u>
4	Decrease Test Year O&M Expense for Tariff K.E.D.S. Expense	908	\$ (370,224)
5	Allocation Factor - SPECIFIC		1,000
6	KPSC Jurisdictional Amount (Ln 4 X Ln 5)		<u>\$ (370,224)</u>

Witness: H.M. Whitney

**Kentucky Power Company**

**Adjustment firm sales revenue for known specific customer changes  
 Test Year Twelve Months Ended 3/30/2020  
 W12**

LINE NO.	DESCRIPTION	KPCO TOTAL COMPANY ADJUSTMENT	ALLOCATION METHOD	ALLOCATION FACTOR	KENTUCKY PSC RETAIL JURISDICTION ADJUSTMENT
1	<u>Off System Sales</u> Retail Revenue	\$ (9,504,100)	Specific	1.00	(9,504,100) <b>Decrease Firm Sales</b>
2	Purchased Power	\$ (6,412,416)	Specific	1.00	(6,412,416) <b>Decrease Purchased Power Expense</b>

Witness: Alex Vaughan

**Kentucky Power Company**

**Adjust firm sales revenue to annualize end of test year number of customers on each tariff**  
**Test Year Twelve Months Ended 3/30/2020**  
**W13**

LINE NO.	DESCRIPTION	KPCO TOTAL COMPANY ADJUSTMENT	ALLOCATION METHOD	ALLOCATION FACTOR	KENTUCKY PSC RETAIL JURISDICTION ADJUSTMENT
1	<u>Off System Sales</u> Retail Revenue	\$ (14,546,115)	Specific	1.00	\$ (14,546,115) <b>Decrease Firm Sales</b>
2	Purchased Power	\$ (9,814,264)	Specific	1.00	\$ (9,814,264) <b>Decrease Purchased Power Expense</b>

Witness: Alex Vaughan

**Kentucky Power Company**

**Adjust test year weather to normal weather  
 Test Year Twelve Months Ended 3/30/2020  
 W14**

LINE NO.	DESCRIPTION	KPCO TOTAL COMPANY ADJUSTMENT	ALLOCATION METHOD	ALLOCATION FACTOR	KENTUCKY PSC RETAIL JURISDICTION ADJUSTMENT
1	<u>Off System Sales</u> Retail Revenue	\$ 4,254,356	Specific	1.00	\$ 4,254,356 <b>Increase Firm Sales</b>
2	Purchased Power	\$ 2,870,414	Specific	1.00	\$ 2,870,414 <b>Increase Purchased Power Expense</b>

Witness: Alex Vaughan



Kentucky Power Company  
 Adjust Interest on Customer Deposits  
 Test Year Ended March 31, 2020  
 W15

Line No.	Description (a)	FERC Account (b)	Amount (c)
1	Balance as of March 31, 2020		\$ 30,556,723
2	Interest at 1.66% (Ln 1 X 1.66%)		\$ 507,242
3	Test Year Interest on Customer Deposits	431	\$ 727,940
4	Decrease (Ln 2 - Ln 3)		\$ (220,699)
5	Allocation Factor - SPECIFIC		<u>1.000</u>
6	KPSC Jurisdiction Amount (Ln 4 X Ln 5)		<u><u>\$ (220,699)</u></u>

Witness: H.M. Whitney

Kentucky Power Company  
 Normalization of Storm Damage Expense  
 Test Year Ended 03/31/2020  
 W16

Line No.	Twelve Months Ended	Storm Damage Expense Excluding In-House Labor	Handy - Whitman Index (*1)	Constant Dollar Index (*1)	Constant Dollar Expense
(1)	(2)	(3)	(4)	(5)	(6)
1	12 Months Ended 03/31/20	\$501,248	725	1.00	<u>\$501,248</u>
2	12 Months Ended 03/31/19	\$1,795,622	725	1.00	\$1,795,622
3	12 Months Ended 03/31/18	\$706,674	689	1.05	\$743,597
4	3-Year Total Storm Damage (Ln 1 + Ln 2 + Ln 3)				<u>\$3,040,467</u>
5	3-Year Average (Ln 4 / 3 yrs)				\$1,013,489
6	Test Year Storm Damage				\$501,248
7	Adjustment to O&M for Storm Damage Normalization (Ln 5 - Ln 6)				<u>\$512,241</u>
8	Allocation Factor - GP-DIST				0.999
9	KPSC Jurisdictional Amount (Ln 7 x Ln 8)				<u>\$511,729</u>

(\*1) Handy-Whitman Contract Labor Index  
 Reference E-2 Line 42  
 2020/Jan 725  
 2019/Jan 725  
 2018/Jan 689

Witness: Lerah Scott

Kentucky Power Company  
 Amortization of Big Sandy Unit 1 Operations Rider Deferral  
 Test Year Ended March 31, 2020  
 W17

Line No.	Description (a)	FERC Account (b)	Amount (c)
1	Final Regulatory Asset Amount due to the elimination of Tariff B.S.1.O.R. Authorized By Order Dated January 18, 2018 in Case No. 2017-00179		\$ 1,083,437
2	Number of Amortization Periods	3	
3	Annual Amortization Amount - Increase (Ln 1 / Ln 2)	506	<u>\$ 361,146</u>
4	Allocation Factor - SPECIFIC		1.000
5	KPSC Jurisdictional Amount (Ln 3 X Ln 4)		<u>\$ 361,146</u>

Witness: H.M. Whitney

Kentucky Power Company  
Amortization of Rate Case Expense  
Test Year Ended 03/31/2020  
W18

Line No. (1)	Description (2)	Amount (3)
Estimated Cost:		
1	Legal Expense	\$852,400
2	Other Professional Services	\$95,975
3	Publication Notices and Correspondence	\$620,000
4	KPCo Overtime and Out of Pocket Costs	\$15,000
5	Total Estimated Costs (Ln 1 + Ln 2 + Ln 3 + Ln 4)	\$1,583,375
6	Number of Years of Amortization	3
7	Annual Average Rate Case Costs (Ln 5 / Ln 6)	\$527,792
8	Less: Rate Case Expense in Test Year	\$0
9	Adjustment to Test Year O&M Expense (Ln 7 - Ln 8)	\$527,792
10	Allocation Factor - SPECIFIC	1.000
11	KPSC Jurisdiction Amount (Ln 9 X Ln 10)	\$527,792
	Account 928000 Rate Case Expense	

Witness: Brian K. West

Kentucky Power Company  
 Adjustment to Eliminate Advertising Expense  
 Test Year Ended 03/31/2020  
 W19

<u>Line No.</u> (1)	<u>Description</u> (2)	<u>Amount</u> (3)
1	Test Year Advertising Expense	\$ 224,115
2	Amount of Advertising to be Eliminated	\$ 111,982
3	Allocation Factor - SPECIFIC	1.000
4	KPSC Jurisdictional Amount (Ln 2 X Ln 3)	<u>\$ 111,982</u>

Witness: Lerah Scott

Kentucky Power Company  
Annualization of Lease Expense  
Test Year Ended March 31, 2020  
W20

Line No.	FERC Account	Annual Total	March 2020 Expense	Annualized Total	Adjustment Needed	Allocation Method	Allocation Factor	Allocated Amount
1	500	\$ 1,631	\$ 1,026	\$ 12,318	\$ 10,686	PDAF	0.985	\$ 10,526
2	501	8,885	439	5,267	(3,618)	EAF	0.986	(3,567)
3	502	3,365	160	1,920	(1,445)	PDAF	0.985	(1,423)
4	506	89,669	4,724	56,693	(32,977)	PDAF	0.985	(32,482)
5	510	11,193	466	5,587	(5,606)	PDAF	0.985	(5,521)
6	511	160	112	1,339	1,179	PDAF	0.985	1,161
7	512	10,765	399	4,785	(5,980)	PDAF	0.985	(5,890)
8	513	5,563	158	1,899	(3,663)	PDAF	0.985	(3,608)
9	514	5,117	75	899	(4,217)	PDAF	0.985	(4,154)
10	566	2,243	189	2,264	22	GP-TRANS	0.985	21
11	570	57	-	-	(57)	GP-TRANS	0.985	(56)
12	580	5,697	381	4,570	(1,127)	GP-DIST	0.999	(1,125)
13	583	43,262	5,028	60,336	17,074	GP-DIST	0.999	17,057
14	584	67	-	-	(67)	GP-DIST	0.999	(67)
15	585	870	29	349	(521)	GP-DIST	0.999	(521)
16	586	66,161	7,531	90,378	24,216	GP-DIST	0.999	24,192
17	587	3,079	384	4,603	1,524	GP-DIST	0.999	1,522
18	588	109,585	8,086	97,031	(12,555)	GP-DIST	0.999	(12,542)
19	592	554	-	-	(554)	GP-DIST	0.999	(554)
20	593	357,957	18,223	218,675	(139,282)	GP-DIST	0.999	(139,143)
21	594	1,097	35	423	(674)	GP-DIST	0.999	(674)
22	595	3,075	104	1,253	(1,822)	GP-DIST	0.999	(1,820)
23	596	1,795	343	4,112	2,317	GP-DIST	0.999	2,315
24	597	1,869	162	1,943	74	GP-DIST	0.999	74
25	598	195	139	1,671	1,476	GP-DIST	0.999	1,475
26	901	257	-	-	(257)	CUST.	1.000	(257)
27	902	19,655	1,394	16,725	(2,930)	CUST.	1.000	(2,930)
28	903	56,294	3,452	41,428	(14,866)	CUST.	1.000	(14,866)
29	907	168	3	36	(132)	CUST.	1.000	(132)
30	908	2,488	153	1,835	(653)	CUST.	1.000	(653)
31	910	20	-	-	(20)	CUST.	1.000	(20)
32	920	3,511	519	6,226	2,715	A&G	0.985	2,674
33	921	14,504	1,197	14,367	(136)	A&G	0.985	(134)
34	926	59	7	82	23	A&G	0.985	23
35	928	35	16	198	162	A&G	0.985	160
36	930	697	-	-	(697)	A&G	0.985	(686)
37	931	181,102	14,660	175,917	(5,185)	A&G	0.985	(5,107)
38	935	\$ 140,324	\$ 17,369	\$ 208,424	\$ 68,099	A&G	0.985	\$ 67,078
39								
40		<b>\$ 1,153,026</b>		<b>\$ 1,043,553</b>	<b>\$ (109,473)</b>			<b>Decrease to lease expense \$ (109,657)</b>
41								
42								

(1) Lease was terminated in the second quarter of 2020.

Witness: H.M. Whitney

Kentucky Power Company  
Adjust Pension and OPEB Expense  
Test Year Ended March 31, 2020  
W21

Line No.	Description (a)	Distribution (b)	Generation (c)	Transmission (d)	Total Company (e)
1	<b>Expected Pension Costs (Actuarial Estimates)</b>				
2	Service Cost	\$ 1,659,127	\$ 979,825	\$ -	
3	Non-Service Cost	(1,551,732)	(2,366,848)	(136,974)	
4	Total Service and Non-Service Cost	107,395	(1,387,023)	(136,974)	
5	KPCo O&M% (FERC Form 1, pp. 354 & 355) (Service Only)	58.71 %	58.71 %	58.71 %	
6	Expected Pension Expense	(577,659)	(1,791,593)	(136,974)	
7	<b>Test Year Period Per Books (Income) Expense:</b>				
8	Account 9260003 (Pension Plan)	1,355,190	880,471	-	
9	Account 9260021 (Postretirement Benefits - OPEB)	106,248	92,394	-	
10	Account 9260037 (Supplemental Pension)	2,293	71	-	
11	Account 9260042 (SERP Pension - Non-Service)	3,319	43	-	
12	Account 9260043 (OPEB- Non-Service)	(1,684,525)	(1,326,309)	(220,084)	
13	Account 9260062 (Pension Plan - Non-Service)	70,186	(806,930)	88,138	
14	Less Transfers:				
15	9260050 - Frg Ben Loading - Pension	(742,890)	(167,654)	-	
16	9260053 - Frg Ben Loading - OPEB	(129,531)	(17,727)	-	
17	Total Test Period Per Books	(1,019,710)	(1,345,641)	(131,946)	
18	Change in Pension O&M expense	442,051	(445,952)	(5,028)	(8,930)
19	KY Jurisdictional Factor - OML				0.990
20	KPSC Jurisdictional Adjustment to Decrease O&M Expense for Pension and OPEB Actuarial Estimates				\$ (8,840)
21	FERC Account				926

Witness: H.M. Whitney

Kentucky Power Company  
Adjust Employee Related Group Benefit Expense  
Test Year Ended March 31, 2020  
W22

Line No.	Description (a)	FERC Account (b)	Amount (c)
1	2020 Total Calculated Costs	926	\$ 5,968,048
2	2020 Mitchell Calculated Cost, Billed to WPCo		\$ (1,126,022)
3	2020 Net Calculated Costs		<u>\$ 4,842,026</u>
4	Test Year Net Employee Related Expenses		\$ 5,502,083
5	Adjusted Employee Related Group Benefit Expenses		<u>\$ (660,057)</u>
6	Cost Applicable to O&M		58.71 %
7	Group Benefit Costs Applicable to O&M		<u>\$ (387,519)</u>
8	Allocation Factor - OML		0.990
9	KPSC Jurisdictional Amount		<u>\$ (383,644)</u>

Witness: H.M. Whitney



**Kentucky Power Company**  
**Adjustment to Increase PJM LSE OATT expense to reflect 2020 filed rates**  
**Test Year Twelve Months Ended 3/31/2020**  
**W23**

LINE NO.	DESCRIPTION	KPCO TOTAL COMPANY ADJUSTMENT	ALLOCATION METHOD	ALLOCATION FACTOR	KENTUCKY PSC RETAIL JURISDICTION ADJUSTMENT
<b><u>LSE OATT CHARGE ACCOUNTS</u></b>					
1	4561005 Firm and Non-Firm Pt 2 Pt Transmission Revenues	\$ -	Specific	1.00	\$ -
2	4561002 RTO Formation Costs	\$ -	Specific	1.00	\$ -
3	4561035 PJM Affiliated Trans NITS Cost	\$ (2,001,112)	Specific	1.00	\$ (2,001,112)
4	4561036 PJM Affiliated Trans TO Cost	\$ (8,413)	Specific	1.00	\$ (8,413)
5	4561060 Affil PJM Trans Enhancmnt Cost	\$ (48,662)	Specific	1.00	\$ (48,662)
6	5650012 PJM Trans Enhancement Charge	\$ 10,039,097	Specific	1.00	\$ 10,039,097
7	5650016 PJM NITS Expense - Affiliated	\$ 1,897,176	Specific	1.00	\$ 1,897,176
8	5650019 Affil PJM Trans Enhancement Exp	\$ 280,179	Specific	1.00	\$ 280,179
9	5650021 PJM NITS Expense - Non-Affiliated	\$ 14,532	Specific	1.00	\$ 14,532
10	5650015 PJM TO Serv Expense - Affiliated	\$ 9,878	Specific	1.00	\$ 9,878
		\$ 14,299,049			\$ 14,299,049
					Net Increase in LSE OATT Expense
					\$ -

Witness: Alex Vaughan

**Kentucky Power Company**

**Adjust PJM Administrative Fees to the Going Level that Reflects the FERC Approved Rate Increase**

Test Year Twelve Months Ended 3/31/2020

W24

LINE NO.	DESCRIPTION	KPCO TOTAL COMPANY ADJUSTMENT	ALLOCATION METHOD	ALLOCATION FACTOR	KENTUCKY PSC RETAIL JURISDICTION ADJUSTMENT
	<u>PJM Admin Fees</u>				
1	5757001 PJM Admin Fees LSE	\$ 39,745	GP-TRANS	0.985	\$ 39,149 <b>Increase PJM Admin Expense</b>
2	5614001 PJM Admin Fees LSE	\$ 75,041	GP-TRANS	0.985	\$ 73,915 <b>Increase PJM Admin Expense</b>
3	5618001 PJM Admin Fees LSE	\$ 96,824	GP-TRANS	0.985	\$ 95,372 <b>Increase PJM Admin Expense</b>
		\$ 211,610			\$ 208,436

Witness: Alex Vaughan

Kentucky Power Company  
Amortization of NERC Compliance and Cybersecurity Cost Deferral  
Test Year Ended March 31, 2020  
W25

Line No.	Description (a)	FERC Account (b)	Amount (c)
1	Deferral Amount Post February 28, 2017 as Authorized By Order Dated January 18, 2018 in Case No. 2017-00179		\$ 444,340
2	Number of Amortization Periods		<u>5</u>
3	Annual Amortization of Post February 28, 2017 Deferral (Ln 1 / Ln 2)		\$ 88,868
4	Annual Amortization of Deferral through February 28, 2017 as Authorized by Order Dated January 18, 2018 in Case No. 2017-00179	(1)	\$ 14,275
5	Total Annual Amortization		<u>\$ 103,143</u>
6	Allocation Factor - SPECIFIC		<u>1.000</u>
	KPSC Jurisdictional Amount		
7	Amortization of Deferred Carrying Charges Ln 5 x Ln 6 x Ln 13	431/421 (2)	24,770
8	Amortization of Deferred Depreciation Expense Ln 5 x Ln 6 x Ln 14	404 (3)	78,373
9	<b>Total Increase to Annual Amortization Expense Related to NERC Compliance and Cybersecurity Cost Deferral Ln 5 x Ln 6</b>	431/ 421/ 404	<b><u>\$103,143</u></b>
10	Pre February 28, 2017 Deferral	\$ 71,374	
11	Number of Authorized Amortization Periods	<u>5</u>	
12	Annual Amortization of Pre February 28, 2017 Deferral as Authorized by Order Dated January 18, 2018 in Case No. 2017-00179	\$ 14,275 (1)	
13	Percentage of deferral representing deferred carrying charges.	24 % (2)	
14	Percentage of deferral representing deferred depreciation expense.	76 % (3)	

Witness: H.M. Whitney

Kentucky Power Company  
 Remove Severance Expense  
 Test Year Ended March 31, 2020  
 W26

Line No.	Description (a)	FERC Account (b)	Amount (c)
1	Decrease Expense to Remove Severance Adjustments Made during the Test Year	506	\$ 1,564,687
2	Allocation Factor - PDAF		0.985
3	KPSC Jurisdictional Adjustment to Decrease O&M Expense for Severance Adjustment (Ln 1 X Ln 2)		<u>\$ (1,541,217)</u>

Witness: H.M. Whitney

Kentucky Power Company  
KPCo Incentive Compensation Expense Adjustment  
Test Year Ended March 31, 2020  
W27

Line No.	FERC Account	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		Test Year ICP	Expected Cost at a Level 1.0 Target*	Net Change in ICP Cost (c-b)	Test Year LTIP	Expected Cost at a Level 1.0 Target*	Net Change in LTIP Cost (f-e)	Total Adjustment to Incentive Compensation Expense (d+g)	KY Jurisdictional Factor - OML	
1	5000	43,524	23,146	(20,378)	1,001	911	(90)	(20,468)	(20,263)	
2	5010	262,674	139,832	(122,842)	4,258	3,877	(382)	(123,224)	(121,992)	
3	5020	91,359	48,634	(42,725)	1,531	1,394	(137)	(42,863)	(42,434)	
4	5050	8	4	(4)	0	0	(0)	(4)	(4)	
5	5060	93,830	(51,487)	(145,317)	4,431	4,034	(397)	(145,714)	(144,257)	
6	5100	190,017	101,152	(88,865)	3,216	2,928	(288)	(89,154)	(88,262)	
7	5110	14,466	7,699	(6,767)	225	205	(20)	(6,787)	(6,719)	
8	5120	277,602	147,789	(129,813)	4,675	4,256	(419)	(130,233)	(128,930)	
9	5130	148,368	79,000	(69,368)	2,466	2,245	(221)	(69,589)	(68,893)	
10	5140	74,891	39,872	(35,019)	1,209	1,100	(108)	(35,128)	(34,777)	
11	5370	289	154	(135)	2	2	(0)	(135)	(134)	
12	5460	1,855	988	(867)	21	19	(2)	(869)	(860)	
13	5600	6	3	(3)	-	-	-	(3)	(3)	
14	5620	478	271	(206)	-	-	-	(206)	(204)	
15	5660	(2)	(1)	1	-	-	-	1	1	
16	5700	159	90	(69)	71	65	(6)	(75)	(74)	
17	5800	38,913	32,068	(6,845)	2,299	2,093	(206)	(7,051)	(6,981)	
18	5830	81,029	66,844	(14,186)	5,301	4,826	(475)	(14,661)	(14,514)	
19	5840	113	93	(20)	8	8	(1)	(20)	(20)	
20	5850	1,104	911	(192)	68	62	(6)	(198)	(196)	
21	5860	118,464	97,703	(20,761)	7,117	6,479	(638)	(21,400)	(21,186)	
22	5870	16,227	13,383	(2,844)	959	873	(86)	(2,930)	(2,901)	
23	5880	(42,289)	(41,895)	394	14,600	13,291	(1,309)	(915)	(906)	
24	5910	11	9	(2)	1	1	(0)	(2)	(2)	
25	5920	1,133	936	(197)	72	65	(6)	(204)	(202)	
26	5930	535,238	441,216	(94,022)	32,643	29,716	(2,927)	(96,949)	(95,979)	
27	5940	1,755	1,445	(311)	131	119	(12)	(323)	(319)	
28	5950	5,018	4,137	(882)	313	285	(28)	(910)	(900)	
29	5960	2,842	2,344	(498)	168	153	(15)	(514)	(508)	
30	5970	4,216	3,478	(738)	258	235	(23)	(761)	(754)	
31	5980	1,295	1,069	(226)	90	82	(8)	(234)	(231)	
32	9010	916	757	(159)	75	68	(7)	(166)	(164)	
33	9020	35,807	29,529	(6,278)	2,111	1,922	(189)	(6,467)	(6,403)	
34	9030	170,851	140,917	(29,933)	10,347	9,419	(928)	(30,861)	(30,552)	
35	9070	633	522	(111)	37	34	(3)	(114)	(113)	
36	9080	28,690	23,656	(5,034)	1,656	1,508	(149)	(5,183)	(5,131)	
37	9100	177	146	(31)	11	10	(1)	(32)	(32)	
38	9200	282,928	232,930	(49,997)	15,626	14,225	(1,401)	(51,399)	(50,885)	
39	9260	2,461	1,310	(1,152)	34	31	(3)	(1,155)	(1,143)	
40	9280	4,815	3,965	(849)	327	297	(29)	(878)	(870)	
41	9302	4,415	2,630	(1,784)	23	21	(2)	(1,786)	(1,768)	
42	9350	105,781	60,177	(45,604)	39	36	(4)	(45,608)	(45,152)	
43	<b>Grand Total</b>	<b>2,602,067</b>	<b>1,657,426</b>	<b>(944,641)</b>	<b>117,423</b>	<b>106,893</b>	<b>(10,530)</b>	<b>(955,171)</b>	<b>(945,619)</b>	

\*Excludes 50% of Mitchell

Witness: H.M. Whitney

Kentucky Power Company  
KPCo Annualization of Payroll Expense Adjustment  
Test Year Ended March 31, 2020  
W28

Line No.	FERC Account (a)	Test Year Base Payroll (b)	Annualized Base as of Test Year End* (c)	Base Payroll Annualization Adjustment (c-b) (d)	Annualized Base with Merit/General Increases as of Test Year End* (e)	Merit/General Increase Adjustment (e-c) (f)	Total Base Payroll Adjustment (b+d+f) (g)	KY Jurisdictional Factor - OML 0.990 (h)
1	5000	464,731	438,794	(25,937)	450,977	12,184	(13,753)	(13,616)
2	5010	1,707,900	1,612,581	(95,320)	1,657,356	44,775	(50,544)	(50,039)
3	5020	680,512	642,532	(37,980)	660,373	17,841	(20,139)	(19,938)
4	5050	113	106	(6)	109	3	(3)	(3)
5	5060	2,980,656	2,814,303	(166,353)	2,892,445	78,143	(88,211)	(87,329)
6	5100	1,580,657	1,492,439	(88,218)	1,533,879	41,439	(46,779)	(46,311)
7	5110	105,228	99,355	(5,873)	102,114	2,759	(3,114)	(3,083)
8	5120	2,157,855	2,037,423	(120,432)	2,093,994	56,572	(63,860)	(63,222)
9	5130	1,070,403	1,010,663	(59,740)	1,038,725	28,062	(31,678)	(31,361)
10	5140	592,891	559,801	(33,090)	575,344	15,544	(17,546)	(17,371)
11	5460	10,447	9,864	(583)	10,137	274	(309)	(306)
12	5600	168	158	(9)	163	4	(5)	(5)
13	5620	581	549	(32)	564	15	(17)	(17)
14	5660	28	26	(2)	27	1	(1)	(1)
15	5700	3,330	3,145	(186)	3,232	87	(99)	(98)
16	5800	247,311	233,508	(13,803)	239,992	6,484	(7,319)	(7,246)
17	5830	(49,670)	(46,898)	2,772	(48,200)	(1,302)	1,470	1,455
18	5840	750	708	(42)	728	20	(22)	(22)
19	5850	8,944	8,445	(499)	8,680	234	(265)	(262)
20	5860	694,967	656,180	(38,787)	674,399	18,220	(20,567)	(20,361)
21	5870	110,209	104,058	(6,151)	106,947	2,889	(3,262)	(3,229)
22	5880	2,442,410	2,306,096	(136,313)	2,370,128	64,032	(72,282)	(71,559)
23	5910	103	98	(6)	100	3	(3)	(3)
24	5930	1,664,791	1,571,877	(92,914)	1,615,522	43,645	(49,268)	(48,776)
25	5940	14,564	13,752	(813)	14,133	382	(431)	(427)
26	5950	16,134	15,233	(900)	15,656	423	(477)	(473)
27	5960	19,094	18,028	(1,066)	18,529	501	(565)	(559)
28	5970	33,130	31,281	(1,849)	32,149	869	(980)	(971)
29	5980	8,470	7,997	(473)	8,219	222	(251)	(248)
30	9010	8,510	8,035	(475)	8,258	223	(252)	(249)
31	9020	264,131	249,389	(14,741)	256,314	6,925	(7,817)	(7,739)
32	9030	1,087,570	1,026,871	(60,698)	1,055,384	28,512	(32,186)	(31,864)
33	9070	3,691	3,485	(206)	3,582	97	(109)	(108)
34	9080	175,385	165,597	(9,788)	170,195	4,598	(5,190)	(5,139)
35	9100	906	856	(51)	879	24	(27)	(27)
36	9200	1,734,102	1,637,320	(96,782)	1,682,782	45,462	(51,320)	(50,806)
37	9220	(485,166)	(458,088)	27,078	(470,808)	(12,719)	14,358	14,215
38	9260	10,630	10,037	(593)	10,316	279	(315)	(311)
39	9280	29,782	28,120	(1,662)	28,901	781	(881)	(873)
40	9302	6,927	6,540	(387)	6,722	182	(205)	(203)
41	9350	630,634	595,438	(35,196)	611,971	16,533	(18,663)	(18,477)
42	<b>Grand Total</b>	<b>20,033,808</b>	<b>18,915,702</b>	<b>(1,118,107)</b>	<b>19,440,920</b>	<b>525,218</b>	<b>(592,888)</b>	<b>(586,959)</b>

43 Note: Changes to base payroll Excludes overtime, severance payments, incentive payments and other remunerations

44 \*Annual Rate less 50% of Mitchell

Witness: H.M. Whitney

Kentucky Power Company  
KPCo Overtime Related to Employee Merit Increases Adjustment  
Test Year Ended March 31, 2020  
W29

Line No.	FERC Account	Test Year OT Payroll (b)	Blended Base Increase Percentage* (c)	Total OT Related to Employee Merit Increase (b+c) (d)	KY Jurisdictional Factor - OML 0.990 (e)
1	5000	48,177	1,329	49,505	1,315
2	5010	443,499	12,230	455,729	12,108
3	5020	123,198	3,397	126,595	3,363
4	5060	439,302	12,114	451,417	11,993
5	5100	59,069	1,629	60,697	1,613
6	5110	10,657	294	10,951	291
7	5120	283,187	7,809	290,997	7,731
8	5130	127,928	3,528	131,456	3,493
9	5140	60,144	1,659	61,803	1,642
10	5370	681	19	699	19
11	5800	3,469	96	3,565	95
12	5830	44,344	1,223	45,567	1,211
13	5840	247	7	254	7
14	5850	135	4	139	4
15	5860	26,820	740	27,559	732
16	5870	808	22	831	22
17	5880	52,410	1,445	53,855	1,431
18	5920	5,540	153	5,693	151
19	5930	1,604,682	44,251	1,648,933	43,809
20	5940	57	2	58	2
21	5950	18,896	521	19,417	516
22	5960	1,734	48	1,782	47
23	5970	1,110	31	1,140	30
24	5980	947	26	973	26
25	9020	4,592	127	4,718	125
26	9030	96,592	2,664	99,256	2,637
27	9070	262	7	269	7
28	9200	1,143	32	1,174	31
29	9260	3,364	93	3,457	92
30	9302	3,435	95	3,530	94
31	9350	44,276	1,221	45,497	1,209
32	<b>Grand Total</b>	<b>3,510,704</b>	<b>96,813</b>	<b>3,607,517</b>	<b>95,845</b>

33 \*Blended Base Increase Percentage based on 2.758%

Witness: H.M. Whitney

Kentucky Power Company  
 KPCo Savings Plan Expense Adjustment  
 Test Year Ended March 31, 2020  
 W30

Line No.	Description (a)	FERC Account (b)	Amount (c)
1	Change in O&M ICP Incentives		(944,641)
2	Change in O&M LTIP Incentives		(10,530)
3	Annualization Adjustment of O&M Base Payroll		(1,118,107)
4	2020 O&M Merit Increases		525,218
5	2020 O&M Merit Increases Effect on Overtime		96,813
6	Change in O&M Payroll		<u>\$ (1,451,246)</u>
7	Savings Plan Loading Rate		4.00 %
8	Account 926)		(58,050)
9	KY Jurisdictional Factor - OML		0.990
10	Costs (FERC Account 926)	926	<u><u>\$ (57,469)</u></u>

Witness: H.M. Whitney



Kentucky Power Company  
 KPSC Medicare Tax Expense Adjustment  
 Test Year Ended March 31, 2020  
 W31

Line No.	Description (a)	FERC Account (b)	Amount (c)
1	Change in O&M ICP Incentives		(944,641)
2	Change in O&M LTIP Incentives		(10,530)
3	Annualization Adjustment of O&M Base Payroll		(1,118,107)
4	2020 O&M Merit Increases		525,218
5	2020 O&M Merit Increases Effect on Overtime		96,813
6	Change in O&M Payroll		<u>\$ (1,451,246)</u>
7	Medicare Tax Rate		1.45%
8	Total Adjustment to Decrease O&M Expense for Medicare Tax		(21,043)
9	KY Jurisdictional Factor - OML		0.990
10	KPSC Jurisdictional Adjustment to Decrease O&M Expense for Medicare Tax	408	<u><u>\$ (20,833)</u></u>

Witness: H.M. Whitney

Kentucky Power Company  
KPCo Social Security Tax Expense Adjustment  
Test Year Ended March 31, 2020  
W32

Line No.	Description (a)	FERC Account (b)	Amount (c)
1	Change in O&M ICP Incentives		(944,641)
2	Change in O&M LTIP Incentives		(10,530)
3	Annualization Adjustment of O&M Base Payroll		(1,118,107)
4	2020 O&M Merit Increases		525,218
5	2020 O&M Merit Increases Effect on Overtime		96,813
6	Change in O&M Payroll		<u>\$ (1,451,246)</u>
7	2019 Salaries in Excess of Social Security Taxes (Adjusted for 50% Mitchell)		1,777,556
8	2019 Salaries, Paid Overtime and other remunerations		53,502,824
9	Percentage Not Subject to Social Security Tax		3.32 %
10	Percentage of Salaries Subject to Social Security Tax		96.68 %
11	Adjustment to O&M Payroll Subject to Social Security Tax		\$ (1,403,030)
12	Social Security Tax Rate		6.20 %
13	Total Adjustment to Decrease O&M Expense for Social Security Tax		<u>\$ (86,988)</u>
14	KY Jurisdictional Factor - OML		0.990
15	KPSC Jurisdictional Adjustment to Decrease O&M Expense for Social Security Tax	408	<u><u>\$ (86,118)</u></u>

Witness: H.M. Whitney

Kentucky Power Company  
KPCo Social Security Tax Base Adjustment  
Test Year Ended March 31, 2020  
W33

Line No.	Description (a)	KPCo (Excluding Mitchell) (b)	42	Mitchell (c)	32	Amount (d)
1	Employees earning more than \$132,900 limit in 2019					
2	Social Security Tax Base for 2020	137,700				
3	Social Security Tax Base for 2019	132,900				
4	Increase in Social Security Tax Base	<u>4,800</u>		<u>4,800</u>		
5	Adjustment to Social Security Base	201,600		153,600		
6	Social Security Tax Rate	6.20 %		6.20 %		
7	Increase in Social Security Tax due to Increase in Base	<u>12,499</u>		<u>9,523</u>		
8	50% billed to Wheeling Power Company			<u>4,762</u>		
9	Net KPCo Increase in Social Security Tax Expense	<u>\$ 12,499</u>		<u>\$ 4,761</u>		<u>\$ 17,260</u>
10	KPCo O&M%					58.71 %
11	Tax Base (FERC Account 408)					<u>\$ 10,133</u>
12	KY Jurisdictional Factor - OML					0.990
13	Social Security Tax Base (FERC Account 408)					<u><u>\$ 10,032</u></u>

Witness: H.M. Whitney

Kentucky Power Company  
Social Security Tax Base Adjustment  
Test Year Ended March 31, 2020

W27-W33

Line No.	FERC Account	ADJ W32-KY Jurisdictional Factor - OML	ADJ W34-KY Jurisdictional Factor - OML	ADJ W35-KY Jurisdictional Factor - OML	ADJ W36-KY Jurisdictional Factor - OML	ADJ W37-KY Jurisdictional Factor - OML	ADJ W38-KY Jurisdictional Factor - OML	ADJ W39-KY Jurisdictional Factor - OML	Total	Difference	JCOS ADJ	FERC Account
		0.990								s/b 0.00		
1	5000	(20,263)	1,315	(13,616)					(32,564)	0	(32,564)	5000
2	5010	(121,992)	12,108	(50,039)					(159,923)	(0)	(159,923)	5010
3	5020	(42,434)	3,363	(19,938)					(59,008)	1	(59,009)	5020
4	5050	(4)	-	(3)					(7)	0	(7)	5050
5	5060	(144,257)	11,993	(87,329)					(219,592)	1	(219,593)	5060
6	5100	(88,262)	1,613	(46,311)					(132,960)	(0)	(132,960)	5100
7	5110	(6,719)	291	(3,083)					(9,511)	(0)	(9,511)	5110
8	5120	(128,930)	7,731	(63,222)					(184,421)	0	(184,421)	5120
9	5130	(68,893)	3,493	(31,361)					(96,761)	(0)	(96,761)	5130
10	5140	(34,777)	1,642	(17,371)					(50,505)	1,283	(51,788)	5140
11	5370	(134)	19	-					(115)	(115)	0	5370
12	5460	(860)	-	(306)					(1,167)	(1,167)	0	5460
13	5600	(3)	-	(5)					(7)	1	(8)	5600
14	5620	(204)	-	(17)					(221)	(0)	(221)	5620
15	5660	1	-	(1)					0	0	0	5660
16	5700	(74)	-	(98)					(172)	0	(172)	5700
17	5800	(6,981)	95	(7,246)					(14,132)	0	(14,132)	5800
18	5830	(14,514)	1,211	1,455					(11,849)	(1)	(11,848)	5830
19	5840	(20)	7	(22)					(35)	(0)	(35)	5840
20	5850	(196)	4	(262)					(455)	(1)	(454)	5850
21	5860	(21,186)	732	(20,361)					(40,815)	0	(40,815)	5860
22	5870	(2,901)	22	(3,229)					(6,108)	0	(6,108)	5870
23	5880	(906)	1,431	(71,559)					(71,034)	(0)	(71,034)	5880
24	5910	(2)	-	(3)					(5)	(0)	(5)	5910
25	5920	(202)	151	-					(51)	0	(51)	5920
26	5930	(95,979)	43,809	(48,776)					(100,946)	(0)	(100,946)	5930
27	5940	(319)	2	(427)					(744)	(0)	(744)	5940
28	5950	(900)	516	(473)					(857)	(0)	(857)	5950
29	5960	(508)	47	(559)					(1,020)	(0)	(1,020)	5960
30	5970	(754)	30	(971)					(1,694)	1	(1,695)	5970
31	5980	(231)	26	(248)					(454)	(1)	(453)	5980
32	9010	(164)	-	(249)					(413)	(0)	(413)	9010
33	9020	(6,403)	125	(7,739)					(14,016)	1	(14,017)	9020
34	9030	(30,552)	2,637	(31,864)					(59,779)	(0)	(59,779)	9030
35	9070	(113)	7	(108)					(214)	(0)	(214)	9070
36	9080	(5,131)	-	(5,139)					(10,269)	1	(10,270)	9080
37	9100	(32)	-	(27)					(58)	1	(59)	9100
38	9200	(50,885)	31	(50,806)					(101,660)	0	(101,660)	9200
39	9220	-	-	14,215					14,215	(0)	14,215	9220
40	9260	(1,143)	92	(311)	(57,469)				(58,832)	(1)	(58,831)	9260
41	9280	(870)	-	(873)					(1,742)	1	(1,743)	9280
42	9302	(1,768)	94	(203)					(1,878)	(1)	(1,877)	9302
43	9350	(45,152)	1,209	(18,477)					(62,419)	1	(62,420)	9350
44	408								(96,919)	0	(96,919)	408
45												
46									(1,494,202.82)	0	(1,494,203.00)	JCOS EXPENSES
47									(96,919)	0	(96,919)	JCOS TAX
48									(1,591,121.45)	1	(1,591,122.00)	JCOS TOTAL

H.M.  
Whitney

Kentucky Power Company  
 Adjustment to Eliminate Non-Recoverable Business Expense  
 Test Year Ended 03/31/2020  
 W34

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	<u>Account</u>	<u>Allocation Method</u>	<u>Allocation Factor</u>	<u>KPSC Jurisdictional Amount</u>
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Sporting Events during Test Year	\$11,748	9100000	CUST	1.000	\$11,748
2	Employee Gifts, Awards, and Activities during Test Year	\$6,372	9100000	CUST	1.000	\$6,372
		\$1,308	9210001	A&G	0.985	\$1,288
		\$8,156	5880000	GP-DIST	0.999	\$8,148
3	Social Club Membership Dues during Test Year	\$0				\$0
4	Charitable Contributions during Test Year*	\$0				\$0
5	Test Year Expenses (Ln 1 + Ln 2 + Ln 3 + Ln 4)					<u>\$27,556</u>

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

Witness: Scott Bishop



Kentucky Power Company  
 Annualization of ARO Depreciation Expense  
 Test Year Ended March 31, 2020  
 W36

Line No.	Description (a)	FERC Account (b)	Amount (c)
1	Adjustment to Increase Test Year ARO Depreciation Expense due to Annualization Adjustment	403.1	\$ 52,420
2	Allocation Factor - PDAF		<u>0.985</u>
3	KPSC Jurisdictional Adjustment to Increase ARO Depreciation Expense		\$ 51,634

Witness: H.M. Whitney

Kentucky Power Company  
 Annualization of ARO Accretion Expense  
 Test Year Ended March 31, 2020  
 W37

Line No.	Description (a)	FERC Account (b)	Amount (c)
1	Adjustment to Decrease Test Year ARO Accretion Expense due to Annualization Adjustment	411.1	\$ (152,593)
2	Allocation Factor - PDAF		<u>0.985</u>
3	KPSC Jurisdictional Adjustment to Decrease ARO Accretion Expense		\$ <u><u>(150,304)</u></u>

Witness: H.M. Whitney



Kentucky Power Company  
Annualization of Kentucky Public Service Commission  
Maintenance Assessment to Reflect Going Level Assessment Fee  
Test Year Ended 03/31/2020  
W38

Test Year KPSC Maint Fee Amount	\$ 1,191,482
Most Recent Assessment Amount	\$ 1,196,917
Difference	\$ 5,435
KY Retail Allocator - Specific	1.00
KY Retail Adjustment	\$ 5,435 Increase Taxes Other 4081018

Witness: Alex Vaughan

Kentucky Power Company  
Interest Synchronization Adjustment  
Test Year Ended March 31, 2020  
W39

Line No. (1)	Description (2)	Amount (3)
1	LTD, per Capitalization (Section V, Sch 3, C 13, Ln 1)	\$781,871,689
2	LTD Rate (Section V, S-2, P 1, C 5, Ln 1)	4.030%
3	Annualized LTD Interest (Ln 1 x Ln 2)	\$31,509,429
4	STD, per Capitalization (Section V, Sch 3, C 13, Ln 2)	\$0
5	STD Rate (Section V, S-2, P 1, C 5, Ln 2)	2.230%
6	Annualized STD Interest (Ln 4 x Ln 5) (1)	\$0
7	Accounts Receivable Financing (Section V, Sch 3, C 13, Ln 3)	\$42,248,932
8	Accounts Receivable Financing Rate (Section V, S-2, P 1, C 5, Ln 3)	2.802%
9	Annualized Accounts Receivable Financing (Ln 7 x Ln 8)	\$1,183,815
10	Total Annualization Interest (Ln 3 + Ln 6+ Ln9)	\$32,693,244
11	Total Interest Charges per Books (Excludes Account 4320000 - ABFUDC)	\$40,845,459
12	Percent Retail (GP-TOT)	0.985
13	Retail Interest (Ln 11 X Ln 12)	\$40,232,778
14	Decrease Interest Expense (Ln 10 - Ln 13)	\$(7,539,533)
15	SIT Rate	5.8545%
16	SIT Adjustment (Ln 14 X Ln 15)	\$441,404
17	Net Change for FIT (Ln 14 + Ln 16)	\$(7,098,130)
18	FIT Rate	0.21
19	FIT Adjustment (Ln 17 X Ln 18)	\$1,490,607
20	Total State and Federal Income Tax Expense ( Ln 16 + Ln 19)	\$1,932,011

Witness: H.M. Whitney

Kentucky Power Company  
AFUDC Offset Adjustment  
Test Year Ended March 31, 2020  
W40

Line No.	Description (a)	FERC Account (b)	Amount (c)	Allocation Factor (d)	Factor (e)	KPSC Jurisdictional Amount (f) = (c * e)
1	CWIP Balance at 3/31/2020 (Section V, S-4, C 2, Ln 213)		\$91,925,130			
2	Portion of Line 1 Subject to AFUDC		\$83,919,864			
3	Overall Cost of Capital (Section V, S-2, P 1, C6, Ln 5)		<u>6.580%</u>			
4	AFUDC Recalculation (Ln 2 X Ln 3)		\$5,521,927	GP-TOT	0.985	\$5,439,098
5	Booked AFUDC in Test Year (Section V, S-8, C 13, Ln 13)		<u>\$2,383,718</u>	GP-TOT	0.985	<u>\$2,347,962</u>
6	AFUDC Offset Adjustment - Increase (Ln 4 - Ln 5)	AFUDC Offset	<u>\$3,138,210</u>			<u>\$3,091,136</u>
7	Recalculated Deferred FIT on ABFUDC (1)		\$369,879	GP-TOT	0.985	\$364,331
8	Booked DFIT on ABFUDC		\$273,157	GP-TOT	0.985	\$269,060
9	DFIT on ABFUDC Adj. - Increase (Ln 7- Ln 8)	410/411	<u>\$96,722</u>			<u>\$95,271</u>
	Deferred FIT Calculation: (Ln 4 x 31.897%)		\$1,761,329			
	(1) Ln 4, Col 3 X 31.897% [2.066% / 6.477%]		21.00%			
	FIT Rate		<u>\$369,879</u>			
	(2) Portion of Line 1 Not Subject to AFUDC		\$ 8,005,266			

Witness: H.M. Whitney

Kentucky Power Company  
Coal Stock Adjustment  
Mitchell Plant  
Test Year Ended 03/31/2020  
W41

Line No. (1)	Description (2)	Tons (3)	Average \$/Ton (4)	Amount (5)
1	Balance End of Period (Low Sulfur)	192,912	\$69.42	\$13,392,198
2	Balance End of Period (High Sulfur)	206,631	\$45.03	\$9,305,363
3	Daily Burn Rate (Low Sulfur)	3,072		
4	Daily Burn Rate (High Sulfur)	4,762		
5	Days Supply on Hand - Low Sulfur (Ln 1 / Ln 3)	63		
6	Days Supply on Hand - High Sulfur (Ln 2 / Ln 4)	43		
7	Day Supply Requested (Low Sulfur)	30		
8	Day Supply Requested (High Sulfur)	15		
9	Fuel Stock Requested - Low Sulfur (Ln 3 X Ln 7)	92,145	\$69.42	\$6,396,706
10	Fuel Stock Requested - High Sulfur (Ln 4 X Ln 8)	71,430	\$45.03	\$3,216,493
11	Adjustment to Test Year - Low Sulfur (Ln 9 - Ln 1)	(100,767)		(\$6,995,492)
12	Adjustment to Test Year - High Sulfur (Ln 10 - Ln 1)	(135,201)		(\$6,088,870)
13	KPCo's Adjustment Test Year (Ln 11 + Ln 12)	(235,968)		(\$13,084,362)
14	Allocation Factor - PDAF			0.985
15	KPSC Jurisdictional Amount (Ln 13 X Ln 14)			(\$12,888,097)

Witness: Brian K. West

Kentucky Power Company  
Remove Big Sandy Unit 2 from Capitalization and Rate Base  
Test Year Ended March 31, 2020  
W42

Line No.	Description (a)	FERC Account (b)	Amount (c)	Allocation Factor (d)	Factor (e)	Jurisdictional Amount (f) = (c * e)
1	<b>Remove Big Sandy Unit 2 Asset / (Liability) Balances From Capitalization:</b>					
2	Cost of Removal - Big Sandy Unit 2	1823376	(28,606,039)	PDAF	0.985	\$ (28,176,948)
3	Materials & Supplies - Big Sandy Unit 2	1823378	3,015,785	PDAF	0.985	\$ 2,970,549
4	Unrecovered Plant - Big Sandy Unit 2	1823379	256,509,062	PDAF	0.985	\$ 252,661,426
5	Spent AROs - Big Sandy Unit 2	1823380	90,683,934	PDAF	0.985	\$ 89,323,675
6	Big Sandy Unit 2 Recoverable O/U Balancing	1823517	(22,137,542)	SPECIFIC	1.000	\$ (22,137,542)
7	Big Sandy Unit 2 O&M	1823518	1,165,889	PDAF	0.985	\$ 1,148,400
8	Total Big Sandy Unit 2 Regulatory Asset Balance at Test Year End		\$ 300,631,090			\$ 295,789,560
9						
10	Accumulated Deferred Income Taxes	283	(62,499,214) (3)			\$ (61,491,992) (3)
11	Unprotected Excess Deferred Income Taxes Resulting from 2017 Tax Reform	283	(34,709,612) (1)	SPECIFIC	1.000	\$ (34,709,612)
12	Unprotected Excess Deferred Income Tax Amortization Through Test Year End	283	4,338,702 (2)	SPECIFIC	1.000	\$ 4,338,702
13	Total Big Sandy Unit 2 Accumulated Deferred Income Tax Liability Balance at Test Year End		\$ (92,870,124)			\$ (91,862,903)
14						
15	Big Sandy Unit 2 Net Asset Balance as of Test Year End		\$ 207,760,965			\$ 203,926,657
16	<b>Net Capitalization Decrease to Remove Big Sandy Unit 2 (Decommissioning Rider) Balances</b>		<b>\$ (207,760,965)</b>			<b>\$ (203,926,657)</b>
17						
18	<b>Remove Big Sandy Unit 2 Deferred Tax Liability from Rate Base</b>					
19	Accumulated Deferred Income Taxes and Excess Deferred Income Taxes, Net of Amortization	283	(92,870,124) (4)			\$ (91,862,903) (4)
20	<b>Net Rate Base Increase due to Removal of Big Sandy Unit 2 Deferred Tax Liability</b>		<b>\$92,870,124</b>			<b>\$91,862,903</b>

(1) As described in the Company's annual filings to update its Decommissioning Rider in Case No. 2017-00179 (Post-Case Correspondence File), excess unprotected deferred taxes resulting from 2017 Tax Reform related to Big Sandy Unit 2 were (\$34,709,612). The Decommissioning Rider reflects the amortization of the excess unprotected accumulated deferred income taxes over 18 years beginning January 1, 2018 as ordered by the Kentucky Public Service Commission in its June 28, 2018 order in Case No. 2018-00035.

(2) Represents 27 months of unprotected excess deferred income tax amortization (January 2018 through March 2020)

(3) Represents sum of Line 2 and Lines 4-7, multiplied by the Federal Income Tax Rate of 21%. There is not a book/tax timing difference related to Line 3, Materials & Supplies - Big Sandy Unit 2; therefore, there are no associated deferred income taxes.

(4) Represents sum of Lines 10-12

Witness: H.M. Whitney

**Kentucky Power Company**

**Adjustment to recognize accrued surcharge revenue differences  
 Test Year Twelve Months Ended 3/30/2020  
 W43**

LINE NO.	DESCRIPTION	KPCO TOTAL COMPANY ADJUSTMENT	ALLOCATION METHOD	ALLOCATION FACTOR	KENTUCKY PSC RETAIL JURISDICTION ADJUSTMENT
1	Off System Sales Retail Revenue	\$ (214,197)	Specific	1.00	(214,197) <b>Decrease Firm Sales</b>

Witness: Alex Vaughan

**Kentucky Power Company**

**Adjust per books firm sales revenue to billing analysis level of firm sales revenue**  
**Test Year Twelve Months Ended 3/30/2020**  
**W44**

LINE NO.	DESCRIPTION	KPCO TOTAL COMPANY ADJUSTMENT	ALLOCATION METHOD	ALLOCATION FACTOR	KENTUCKY PSC RETAIL JURISDICTION ADJUSTMENT
1	Off System Sales Retail Revenue	\$ 630,046	Specific	1.00	\$ 630,046
					<b>Increase Firm Sales</b>

Witness: Alex Vaughan

Kentucky Power Company  
 Vegetation Management Tree Trimming  
 Test Year Ended 03/31/2020  
 W45

Line No. (1)	Description (2)	Amount (3)
1	Going Forward 5yr cycle tree trimming	\$21,586,046
2	Test Year Tree Trimming	<u>\$21,849,399</u>
3	Change to O&M (Ln1 - Ln2)	(\$263,353)
4	Allocation Factor - Specific	<u>1.000</u>
5	KPSC Jurisdictional Amount (Ln 3 X Ln 4)	<u><u>(\$263,353)</u></u>

Witness: E.G. Phillips



Kentucky Power Company  
 Adjustment to Eliminate Tariff Insert Expense  
 Test Year Ended 03/31/2020  
 W46

<u>Line No.</u>	<u>Account</u>	<u>Description</u>	<u>KPCo Total</u> <u>Company</u> <u>Adjustment</u>	<u>Allocation</u> <u>Factor -</u> <u>SPECIFIC</u>	<u>Kentucky PSC Retail</u> <u>Jurisdiction</u> <u>Adjustment</u>
(1)	(2)	(3)	(4)	(5)	(6)
1	9230003	Material	\$ (4,147)	1.000	\$ (4,147)
2	9230003	Labor	\$ (2,340)	1.000	\$ (2,340)
3	9090000	Outside Services	\$ (2,683)	1.000	\$ (2,683)
4	9090000	Miscellaneous Business Expense	\$ (326)	1.000	\$ (326)
					<b>\$ (9,496)</b>

Witness: Scott Bishop

**Kentucky Power Company**

**Adjust purchased power expense for known increase in Rockport UPA demand expense due to operating ratio increase from SCR going into service**  
**Test Year Twelve Months Ended 3/31/2020**  
**W47**

LINE NO.	DESCRIPTION	KPCO TOTAL COMPANY ADJUSTMENT	ALLOCATION METHOD	ALLOCATION FACTOR	KENTUCKY PSC RETAIL JURISDICTION ADJUSTMENT
1	<u>Rockport UPA Expense</u> 555 Purchased Power Demand	\$ 1,721,333	PDAF	0.985	\$ 1,695,513
					<b>Increase Purchased Power Expense</b>

Witness: Alex Vaughan

**Kentucky Power Company**

**Adjust PJM Capacity Performance Insurance Premium Cost to the Going Level that Reflects the Current Delivery**

Year

Test Year Twelve Months Ended 3/31/2020

W48

LINE NO.	DESCRIPTION	KPCO TOTAL COMPANY ADJUSTMENT	ALLOCATION METHOD	ALLOCATION FACTOR	KENTUCKY PSC RETAIL JURISDICTION ADJUSTMENT
1	<u>CP Insurance Premiums</u> 9240000 Capacity Performance Insurance Premiums	\$ 52,312	A&G	0.985	\$ 51,527
					<b>Increase Insurance Expense</b>

Witness: Alex Vaughan

Kentucky Power Company  
Adjustment to Defer and Amortize GreenHat Default Charges  
Test Year Ended March 31, 2020  
W49

Line No.	Description (a)	FERC Account (b)	Amount (c)
1	Defer GreenHat Default Costs Recorded in the Test Year, as Proposed by the Company in Case No. 2020-00034		(152,944)
2	Allocation Factor - GP-TRANS		0.985
3	<b>KPSC Jurisdictional Amount of Decrease to Test Year Transmission Expense (Ln 3 X Ln 4)</b>	<b>561.4</b>	<b>\$ (150,650)</b>
4	GreenHat Default Cost Deferral, as Proposed by the Company in Case No. 2020-00034		357,829
5	Proposed Amortization Period (Years)		3
6	Annual Amortization Amount (Ln 2 / Ln 3) Acct. 506		\$ 119,276
7	Allocation Factor - GP-TRANS		0.985
8	<b>KPSC Jurisdictional Amount of Increase to Test Year Transmission Expense (Ln 3 X Ln 4)</b>	<b>561.4</b>	<b>\$ 117,487</b>

Witness: H.M. Whitney

Kentucky Power Company  
 Remove Adjustment to Joint Use Pole Rental Revenue and Expense Related to a Prior Period  
 Test Year Ended March 31, 2020  
 W50

Line No.	Description (a)	FERC Account (b)	Amount (c)
1	Remove Prior Period Adjustment to Pole Rental Revenues, Resulting in an Increase to Test Year Pole Rental Revenues	454	284,229
2	Allocation Factor - GP-DIST		0.999
3	KPSC Jurisdictional Amount of Revenue Increase (Ln 1 X Ln 2)		<u>\$ 283,945</u>
4	Remove Prior Period Adjustment to Pole Rental Expenses, Resulting in an Increase to Test Year Pole Rental Expenses	589	(226,764)
5	Allocation Factor - GP-DIST		0.999
6	KPSC Jurisdictional Amount of Expense Increase (Ln 4 X Ln 5)		<u>\$ 226,538</u>

Witness: H.M. Whitney

Kentucky Power Company  
 Remove Non-Ongoing Expense Related to the COVID-19 Pandemic  
 Test Year Ended March 31, 2020  
 W51

Line No.	Description (a)	FERC Account (b)	Amount (c)
1	Removal of accrued additional PDOs for employees reporting to work during the COVID-19 pandemic (Decrease Acct 506)	506	\$ (65,715)
2	Allocation Factor - PDAF		0.985
3	KPSC Jurisdictional Amount of Expense Decrease (Ln 1 X Ln 2)		<u><u>\$ (64,729)</u></u>
4	Removal of accrued additional PDOs for employees reporting to work during the COVID-19 pandemic (Decrease Acct 588)	588	\$ (78,330)
5	Allocation Factor - GP-DIST		0.999
6	KPSC Jurisdictional Amount of Expense Decrease (Ln 4 X Ln 5)		<u><u>\$ (78,251)</u></u>
7	<b>Total KPSC Jurisdictional Amount of Expense Decrease (Ln 3 + Ln 6)</b>		<u><u>\$ (142,980)</u></u>

Witness: H.M. Whitney

Kentucky Power Company  
 Remove Insurance Proceeds Related to a Prior Period  
 Test Year Ended March 31, 2020  
 W52

Line No.	Description (a)	FERC Account (b)	Amount (c)
1	Remove Insurance Proceeds Recorded in the Test Year That Relate To a Prior Period (Increase Acct 903 Expense)	903	\$ 41,707
2	Allocation Factor - CUST		1.000
3	KPSC Jurisdictional Amount (Ln 1 X Ln 2)		<u><u>\$ 41,707</u></u>

Witness: H.M. Whitney

Kentucky Power Company  
 Remove Rockport Bill Adjustment Related to a Prior Period  
 Test Year Ended March 31, 2020  
 W53

Line No.	Description (a)	FERC Account (b)	Amount (c)
1	Adjustment to remove Rockport Bill credit related to a prior period (Increase Acct 555 Expense)	555	\$ 933,331
2	Allocation Factor - PDAF		0.985
3	KPSC Jurisdictional Amount (Ln 1 X Ln 2)		<u><u>\$ 919,331</u></u>

Witness: H.M. Whitney



Kentucky Power Company  
 Amortization of Deferred Plant Maintenance Costs  
 Test Year Ended March 31, 2020  
 W54

Line No.	Description (a)	FERC Account (b)	Amount (c)
1	Deferred Plant Maintenance Regulatory Asset Authorized By Order Dated January 18, 2018 in Case No. 2017-00179		\$ 696,194
2	Number of Amortization Periods		3
3	Annual Amortization Amount, Increasing Maintenance Expense (Ln 1 / Ln 2)	512	<u>\$ 232,065</u>
4	Allocation Factor - SPECIFIC		1.000
5	KPSC Jurisdictional Amount (Ln 3 X Ln 4)		<u>\$ 232,065</u>

Witness: H.M. Whitney

**Kentucky Power Company**  
**Annualization of Property Taxes**  
**Twelve Months Ended 3/31/2020**  
**W55**

Line No.	Description	Amount
1	Net Estimated Property Tax Based on December 31, 2019 Assessible Property Value and Latest Actual Property Rates	\$14,873,803
2	Net Property Tax Charged 4081005, 4081029 & 4081036 12 Months Ended 03/31/2020	<u>\$13,322,701</u>
3	Adjustment to Property Tax Expense (Ln 3 - Ln 6)	\$1,551,102
	Allocation Factor - Gross Plant Total	<u>0.985</u> <u><u>\$1,527,835</u></u>

Witness: Allyson M. Keaton

KENTUCKY POWER COMPANY  
SALES AND USE TAX ADJUSTMENT  
FOR THE TEST YEAR ENDED MARCH 31, 2020  
W56

**Explanation of adjustment:**

To remove an Out-of-Period Sales and Use Tax Audit Adjustment.

	TOTAL COMPANY
Per Books Sales and Use Tax Expense (Acct 4081019)	\$ 247,584
Proforma Sales and Use Tax Expense	<u>(166,416)</u>
Total Company Adjustment	(414,000)
Allocation Factor (Gross Plant - Total)	<u>0.985000</u>
<b>SALES AND USE TAX ADJUSTMENT</b>	<u><u>\$ (407,790)</u></u>

Witness: Allyson M Keaton

**KENTUCKY POWER COMPANY**  
**STATE BUSINESS & OCCUPATION TAX ADJUSTMENT**  
**FOR THE TEST YEAR ENDED MARCH 31, 2020**  
**W57**

**Explanation of adjustment:**

To remove an Out-of-Period State Business & Occupation Tax Adjustment.

	<b>TOTAL COMPANY</b>
Per Books State Business & Occupation Tax Expense (Acct 4081020)	\$ 6,360,670
Proforma State Business & Occupation Tax Expense	<u>6,320,876</u>
Total Company Adjustment	(39,794)
Allocation Factor (Demand)	<u>0.985000</u>
<b>STATE BUSINESS &amp; OCCUPATION TAX ADJUSTMENT</b>	<b>\$ <u><u>(39,197)</u></u></b>

Witness: Allyson M Keaton

KENTUCKY POWER COMPANY  
REMOVE EXCESS RELATED TO THE TAX CUT TARIFF RIDER  
FOR THE TEST YEAR ENDED MARCH 31, 2020  
W58

**Explanation of adjustment:**

Remove KY Excess in the Federal Income Tax Rider

960F-XS EXCESS ADFIT 282 PROTECTED-KY	\$ 2,544,634
960F-XS EXCESS ADFIT 281 PROTECTED-KY	\$ 751,633
960F-XS EXCESS ADFIT 282 UNPROTECTED-KY	\$ 6,052,711
960F-XS EXCESS ADFIT 283 UNPROTECTED-KY	\$ 909,531
Total KY Excess included in the Federal Income Tax Rider	<u>10,258,509</u>

Witness: Allyson M. Keaton

**Kentucky Power Company**

**Adjustment to remove Federal Tax Cut Rider credits from test year firm sales revenue**  
 Test Year Twelve Months Ended 2/28/17  
 W59

LINE NO.	DESCRIPTION	KPCO TOTAL COMPANY ADJUSTMENT	ALLOCATION METHOD	ALLOCATION FACTOR	KENTUCKY PSC RETAIL JURISDICTION ADJUSTMENT
1	Off System Sales Retail Revenue	\$ 9,739,267	Specific	1.00	\$ 9,739,267 <b>Increase Firm Sales</b>

Witness: Alex Vaughan

Kentucky Power Company  
 Add Deferred Plant Maintenance Regulatory Asset to Capitalization and Rate Base  
 Test Year Ended March 31, 2020  
 W60

Line No.	Description (a)	FERC Account (b)	Amount (c)
1	Deferred Plant Maintenance Regulatory Asset Authorized By Order Dated January 18, 2018 in Case No. 2017-00179	182.3	\$ 696,194
2	Accumulated Deferred Income Taxes		(146,201)
3	Net Capitalization Increase for Deferred Plant Maintenance Regulatory Asset Authorized By Order Dated January 18, 2018 in Case No. 2017-00179		549,993
4	Allocation Factor - SPECIFIC		1.000
5	<b>KPSC Jurisdictional Amount (Ln 3 X Ln 4)</b>		<b>\$ 549,993</b>

Witness: H.M. Whitney

Kentucky Power Company  
Remove NERC Compliance and Cybersecurity Investment from Capitalization and Rate Base  
Test Year Ended March 31, 2020  
W61

Line No.	Description (a)	FERC Account (b)	Amount (c)	Allocation Factor (d)	Factor (e)	KPSC Jurisdictional Amount (f) = (c * e)
1	<b>Remove Plant in Service Related to NERC Compliance and Cybersecurity Projects and Related Regulatory Asset / (Liability) Balances from Capitalization (1)</b>					
2	Plant in Service Related to NERC Compliance and Cybersecurity Projects	101/106	1,365,996	SPECIFIC	1.000	\$ 1,365,996
3						
4	Def Depr-NERC Compli/Cybersec	1823538	368,189	SPECIFIC	1.000	\$ 368,189
5	CC-NERC Compliance/Cyber Sec	1823537	116,097	SPECIFIC	1.000	\$ 116,097
6	CC-NERC Compl/Cyber Unrec Eqty	1823536	(55,897)	SPECIFIC	1.000	\$ (55,897)
7	Regulatory Asset Related to NERC Compliance and Cybersecurity Projects		428,389			428,389
8						
9	Accumulated Deferred Income Taxes (21% Federal Tax Rate)	283	(376,821)	SPECIFIC	1.000	\$ (376,821)
10	Total - NERC Compliance and Cybersecurity Projects and Regulatory Asset / (Liability) Balances		\$ 1,417,564			\$ 1,417,564
11	<b>Net Capitalization Decrease to Remove NERC Compliance and Cybersecurity Projects and Regulatory Asset / (Liability) Balances</b>		<b>\$ (1,417,564)</b>			<b>\$ (1,417,564)</b>
12						
13	<b>Remove NERC Compliance and Cybersecurity Projects and Regulatory Asset / (Liability) Deferred Tax Liability from Rate Base</b>					
14	Accumulated Deferred Income Taxes (21% Federal Tax Rate)	283	(376,821)	SPECIFIC	1.000	\$ (376,821)
15	<b>Net Rate Base Increase due to Removal of NERC Compliance and Cybersecurity Projects and Regulatory Asset / (Liability) Balances Deferred Tax Liability</b>		<b>\$376,821</b>			<b>\$376,821</b>

(1) Per KPSC order dated June 25, 2015, Case No. 2014-00396, KPSCo was authorized to defer depreciation expense and debt and equity carrying charges for NERC and cyber security assets placed in service post

Witness: H.M. Whitney



Kentucky Power Company  
 Remove Rockport Deferral from Capitalization and Rate Base  
 Test Year Ended March 31, 2020  
 W62

Line No.	Description (a)	FERC Account (b)	Amount (c)	Allocation Factor (d)	Factor (e)	Jurisdictional Amount (f) = (c * e)
1	<b>Remove Rockport Deferral Asset / (Liability) Balances from Capitalization (1)</b>					
2	Rockport Capacity Def-Eqty CC	1823429	(1,036,591)	SPECIFIC	1.000	\$ (1,036,591)
3	Rockport Capacity CC Deferral	1823430	2,172,431	SPECIFIC	1.000	\$ 2,172,431
4	Rockport Capacity Deferral	1823431	31,774,194	SPECIFIC	1.000	\$ 31,774,194
	Total Rockport Capacity Deferral Regulatory Asset Balance at Test Year End		<u>32,910,034</u>			<u>32,910,034</u>
5	Accumulated Deferred Income Taxes (21% Federal Tax Rate)	283	(6,911,107)	SPECIFIC	1.000	\$ (6,911,107)
6	Total - Rockport Deferral Asset / (Liability) Balances		<u>\$ 25,998,927</u>			<u>\$ 25,998,927</u>
7	<b>Net Capitalization Decrease to Remove Rockport Deferral Balances</b>		<u><b>\$ (25,998,927)</b></u>			<u><b>\$ (25,998,927)</b></u>
8	<b>Remove Rockport Deferral Deferred Tax Liability from Rate Base</b>					
9	Accumulated Deferred Income Taxes (21% Federal Tax Rate)	283	(6,911,107)	SPECIFIC	1.000	\$ (6,911,107)
10	<b>Net Rate Base Increase due to Removal of Rockport Deferral Deferred Tax Liability</b>		<u><b>\$ 6,911,107</b></u>			<u><b>\$ 6,911,107</b></u>

(1) Rockport Plant UPA expenses will be deferred as a regulatory asset and will be subject to carrying charges based on a weighted-average cost of capital (WACC).

Witness: H.M. Whitney

**Kentucky Power Company**

**Adjustment to annualize the Feb 1, 2020 base fuel increase, and synchronize fuel expense to reflect the annualization of fuel revenues**  
**Test Year Twelve Months Ended 3/30/2020**  
**W63**

LINE NO.	DESCRIPTION	KPCO TOTAL COMPANY ADJUSTMENT	ALLOCATION METHOD	ALLOCATION FACTOR	KENTUCKY PSC RETAIL JURISDICTION ADJUSTMENT
	<u>Off System Sales</u>				
1	44x Retail Revenue	\$ 5,661,884	Specific	1.00	\$ 5,661,884 Increase Firm Sales
2	501 Fuel Expense	\$ 5,661,884	Specific	1.00	\$ 5,661,884 Increase Fuel Expense

Witness: Alex Vaughan

Kentucky Power Company  
Remove Amortization of Rate Case Expense Deferral  
Test Year Ended March 31, 2020  
W64

Line No.	Description (a)	FERC Account (b)	Amount (c)
1	Regulatory Asset Amortization Authorized in Case No. 2017-00179 Included in Test Year	928	\$ 458,333
2	Adjustment to Remove Regulatory Asset Amortization Authorized in Case No. 2017-00179 Included in Test Year Since Amortization Period Ends January 2021		<u>\$ (458,333)</u>
3	Allocation Factor - SPECIFIC		<u>1.000</u>
4	KPSC Jurisdictional Amount (Ln 3 X Ln 4)		<u><u>\$ (458,333)</u></u>

Witness: H.M. Whitney