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

JOINT INITIAL DATA REQUESTS OF KIUC AND THE ATTORNEY GENERAL

Come now the intervenors, Kentucky Industrial Utility Customers ("KIUC") and the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("Attorney General"), and submit these Data Requests to Kentucky Power Company (hereinafter "Kentucky Power" or the "Company") to be answered by August 26, 2020 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 requested 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.

(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, please request clarification directly from undersigned Counsel for the Office of Attorney General and KIUC.

(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, please 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 and KIUC as soon as possible, and in accordance with Commission direction.

(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, please 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.

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Respectfully submitted,

DANIEL J. CAMERON
ATTORNEY GENERAL

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Certificate of Service and Filing

Pursuant to the Commission's Order dated March 17, 2020 in Case No. 2020-00085, and in accord with all other applicable law, Counsel certifies that, On August 12, 2020, an electronic copy of the forgoing was served by e-mail to the following. A physical copy of the filing will be submitted to the Commission once the State of Emergency has ceased.

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this 12th day of August, 2020

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Assistant Attorney General

Data Requests

General

1. Provide all electronic spreadsheets relied on for each of the schedules, exhibits, tables, and figures included in the testimony of each of the Company's witnesses, with all formulas intact, to the extent not already provided in response to Staff discovery.

2. Provide all electronic schedules, exhibits, and workpapers in live Excel spreadsheet format, with all formulas intact, developed and/or used for the Company's filing. This includes, but is not limited to, a working model of the class cost of service study, the model used to allocate the overall increase to rate classes, all rate design workpapers and proof of revenue analyses.

3. Provide a trial balance of all income statement and balance sheet accounts for each month from January 2018 through March 2020. Please provide a detailed description of the costs included in each account not specifically listed in the Federal Energy Regulatory Commission ("FERC") Uniform System of Accounts ("USOA"), including all subaccounts whether listed in the USOA or not.

Retail Revenues and O&M Expenses Related to Revenue Adjustments

4. Refer to KPCO_R_KPSC_2_16_Attachment2(1).xls provided in response to Staff 2-16. Provide a copy of all workpapers and all electronic spreadsheets in live format with all formulas intact relied upon to compute the "customer pro forma" unit adjustments on the LGS-PRI TOD, LGS-SUB, IGS-PRI, IGS-SUB, and IGS-TRAN worksheets, all of which were provided as "values" and without any other supporting calculations on each of these worksheets in the Excel workbook. In the workpapers and spreadsheets provided in response to this question, identify each of the customers with a customer pro forma unit adjustment and provide the adjustments and supporting calculations for each customer.

5. Refer to Section V, Exhibit 1, page 2. Please provide the per books amounts of operating revenues for each month during 2019 and for January through March of 2020 using the same revenue classifications portrayed on lines 1-4. Please provide in electronic format with all formulas intact.

Rockport Unit Power Agreement Expenses

6. Provide a copy of the Rockport Unit Power Agreement ("UPA") and all amendments.

7. Provide a copy of each Rockport UPA invoice received by Kentucky Power for the period January 2016 through the most recent month available. Provide invoices in live Excel spreadsheet format with all formulas intact to the extent such format is available.

8. Provide the actual Rockport UPA purchased power expense by month from January 2016 through the most recent month available in Excel spreadsheet format. Annotate the amounts in the spreadsheet to the invoices from Indiana Michigan Power ("I&M") provided in response to the immediately preceding question. Further separate these amounts between base expenses, Environmental Surcharge ("ES") expenses, Fuel Adjustment Clause ("FAC") expenses, Purchase Power Adjustment ("PPA") expenses, and each other form of ratemaking recovery, if any, and annotate these amounts to the invoices to the extent it is possible to do so.

9. Provide the actual Rockport UPA purchased power expense deferrals, including the deferred return at the weighted cost of capital; regulatory asset balances, including the deferred return at the weighted cost of capital; and related accumulated deferred income tax ("ADIT") balances by month from January 2016 through the most recent month available in Excel spreadsheet format. In addition, provide the calculation of the deferred return at the weighted cost of capital for each month in live Excel spreadsheet format with all formulas intact.

10. Provide the forecast Rockport UPA purchased power expense, deferrals, regulatory asset balances, and related ADIT balances from July 2020 through December 2022 starting with the actual regulatory asset balances and related ADIT balances as of July 31, 2020, in live Excel spreadsheet format with all formulas intact. Further separate these amounts between base expenses, ES expenses, FAC expenses, PPA expenses, and any other form of ratemaking recovery. Provide all supporting calculations in the Excel spreadsheet with all formulas intact.

11. Provide the Rockport UPA purchased power expense reflected in present base rates, present ES rates. Source all amounts to the filing schedules and workpapers in the prior rate case for the expense reflected in present base rates and to the most recent ES filing schedules.

12. Provide the Rockport UPA purchased power expense and all related costs, including, but not limited to, all amounts included in rate base, including any deferrals and related ADIT, reflected in the test year base revenue requirement requested in this proceeding. Source all amounts to filing schedules and workpapers.

13. Provide the Rockport UPA purchased power expense and all related costs, including, but not limited to, all amounts included in rate base, in the ES revenue requirement for each month from January 2016 through the most recent month for which actual amounts are available.

14. Provide the Rockport UPA purchased power expense and all related costs, including, but not limited to, all amounts included in rate base, in the PPA revenue requirement for each month from January 2016 through the most recent month for which actual amounts are available.

15. Provide the Rockport UPA purchased power expense and all related costs, including, but not limited to, all amounts included in rate base, in the PPA revenue requirement for each month from January 2016 through the most recent month for which actual amounts are available.

16. Provide the Excess Deferred Income Tax ("EDIT") regulatory liability amortization expense included in the Rockport UPA purchased power expense in the test year and reflected in the base, ES, PPA and any other revenue requirement. Provide a copy of the source documents and the calculations of the amortization expense.

17. Provide the return on the EDIT regulatory liability net of the related ADIT amortization expense included in the Rockport UPA purchased power expense in the test year and reflected in the base, ES, PPA, and any other revenue requirement. Provide a copy of the source documents and the calculations of the amortization expense.

18. Please confirm that the federal income tax expense reflected in the Rockport UPA for both Units One and Two is 21%. Please identify where the 21% federal income tax rate is included in the monthly invoice.

<u>Mitchell Environmental Remediation Costs</u>

19. Provide a copy of the Mitchell Purchase and Sale Agreement ("PSA") between Appalachian Power Company and Kentucky Power Company.

20. Confirm that the PSA delineates the environmental responsibility (liability) for the 50% interests in Mitchell 1 and 2 sold to Kentucky Power Company between Appalachian Power Company and Kentucky Power Company based on the period prior to the sale date and the period after the sale date. If this is not correct, then provide a correct statement as to the responsibilities (liabilities) of each utility.

21. Describe how Kentucky Power Company has allocated ash pond remediation and ash disposal costs on the 50% interests in Mitchell 1 and 2 owned by Kentucky Power Company to Appalachian Power Company. Provide all documentation of this allocation, including, but not limited to, accounting procedures and/or other written guidelines, the calculation of such amounts in the test year, and the accounting entries to record the allocation of these costs in the test year.

Payroll and Full Time Equivalent Employees

22. Provide a schedule of full time equivalents ("FTEs") and payroll dollars separated between expense, capital, and other, for KPCo by department and by month for 2017, 2018, 2019, budgeted in each month in 2020, and actual in each month in 2020 for which actual information is available.

23. Provide a schedule of FTEs and payroll dollars separated between expense, capital, and other, for American Electric Power Service Corporation ("AEPSC") by department and by month for 2017, 2018, 2019, budgeted in each month in 2020, and actual in each month in 2020 for which actual information is available.

24. Refer to Schedule G at line 8 which provides the "Wages and Salaries - Charged Expense - per Average Employee" for 2017, 2018 and 2019. The increase from 2017 to 2018 is reported to be 2.9%, while the increase from 2018 to 2019 is reported to be 11.1%. Please provide the source data and calculations used to determine the amounts shown on line 8 in electronic format with all formulas intact and explain all known reasons why the increase in the average expense was 11.1% in 2019 compared to 2018.

Incentive Compensation

25. Provide a copy of each incentive compensation plan that was in effect during the test year.

26. Refer to Adjustment W27 in Exhibit 2 that reduces incentive compensation expense to the level of 1.0 of the incentive target for the Incentive Compensation Plan ("ICP") and the Long-Term Incentive Plan ("LTIP"). Indicate whether these amounts are attributable only to the Company's employees or whether the amounts also include the amounts attributable to AEPSC employees that are charged to the Company. If just for Company employees, explain why the Company excluded the incentive compensation expense for AEPSC employees. In addition, provide the AEPSC incentive compensation expense charged to the Company in the same format as provided for the Company's employees.

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

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

29. Please provide the amount of Supplemental Executive Retirement Plan ("SERP") expense incurred in the test year and the amount included in the revenue requirement. Provide the SERP expense directly incurred by Kentucky Power Company and the SERP expense charged to the Company from each other affiliate.

Affiliate Transactions

30. Provide the charges by FERC account for each month in the test year and in total from AEPSC to KPCo separated into direct charges, direct assignments, and allocations, with the allocations further separated into charges by individual allocation factor. Provide in live Excel spreadsheet format with all formulas intact.

31. Provide the charges by FERC account for each month subsequent to the test year from AEPSC to KPCo for which actual information is available separated into direct charges, direct assignments, and allocations, with the allocations further separated into charges by individual allocation factor. Provide in live Excel spreadsheet format with all formulas intact.

32. Please provide the data and calculations used by AEPSC to calculate the allocation percentages and the charges allocated to each affiliate for each allocation method during each month of the test year and each month thereafter for which actual information is available. Provide in live Excel spreadsheet format with all formulas intact.

33. Provide a matrix separately for the test year showing the AEPSC cost pools, activities, or departments on one axis and the affiliates that were allocated costs on the other axis. Provide in electronic format.

34. Confirm that the Company did not include ratemaking adjustments to normalize the AEPSC allocated charges to KPCo to reflect the proposed ratemaking adjustments for net reductions in KPCo load due to customer specific changes and reductions in number of customers or changes in the number of employees. If the Company did reflect such ratemaking adjustments in its filing, then identify where each adjustment was made, describe the adjustment, quantify the adjustment, and provide all data, assumptions, calculation, and electronic workpapers in live Excel spreadsheet format with all formulas intact.

35. Provide the AEPSC charges to the Company for a return on rate base by month from January 2019 through March 2020. Provide all calculations in live Excel spreadsheet format with all formulas intact.

36. Provide an AEPSC trial balance for each month from January 2018 through March 2020.

37. Provide the actual AEPSC interest expense for each month from January 2018 through March 2020. Annotate the expense to the amounts by account/subaccount in the trial balance for each month.

38. Provide the AEPSC common equity investment for each month from January 2018 through March 2020. Annotate the equity investment to the amounts by account/subaccount in the trial balance for each month.

<u>Transmission Revenues and Expenses</u>

39. Confirm that the Company did not include a ratemaking adjustment to reduce the OATT allocation of AEP Network Integrated Transmission Service ("NITS" transmission expense to Kentucky based on 12 CP to consistently reflect the net reductions in load due to customer specific changes and reductions in number of customers reflected in ratemaking adjustments to revenues and the related O&M expenses. If the Company did reflect such a ratemaking adjustment in its filing, then identify where the adjustment was made, describe the adjustment, quantify the adjustment, and provide all data, assumptions, calculation, and electronic workpapers in live Excel spreadsheet format with all formulas intact.

40. Provide a ratemaking adjustment to reduce the Open Access Transmission Tariff ("OATT") allocation to Kentucky based on 12 CP using the Company's 12 CP forecast data for 2020 for all AEP companies included in the 12 CP calculations and allocations, including the effects of the Company's proposed net reductions in loads reflected in ratemaking adjustments to revenues and related O&M expenses in the revenue requirement.

41. Please provide the current version of the Transmission Agreement among the AEP East Operating Companies.

42. With regard to the Transmission Agreement referenced in the previous question, please identify all regulatory approvals that would be needed in the event that an Operating Company, such as KPCo, seeks to exit the Transmission Agreement.

43. Please provide all studies, memoranda or other documents prepared by or for Kentucky Power analyzing the question of whether it would be more economically beneficial for Kentucky Power ratepayers if Kentucky Power terminated its participation in the August 4, 2010 Transmission Agreement between Appalachian Power, Columbus Southern, I&M, Kentucky Power, Kingsport Power, Ohio Power and Wheeling Power.

44. If it is demonstrated that the ratepayers of Kentucky Power are subsidizing the costs of transmission in Michigan, Indiana, Ohio, Virginia, West Virginia or Tennessee, would the management of Kentucky Power exercise its right to withdraw from the Transmission Agreement?

45. Provide, for the most recent 12 month period available, the total costs charged to KPCo and each of the other Operating Companies, pursuant to the Transmission Agreement, by FERC account, with descriptive labels identifying each of the costs. Provide the requested information in live Excel format with all formulas intact, showing the total AEP East costs for each FERC account and the percentage allocation factor used to allocate such costs to each of the Operating Companies.

46. Provide, for the same 12 month period used to respond to the previous question, the total Transmission Owner ("TO") Revenues assigned to KPCo and each of the other Operating Companies and each of the AEP Transmission Companies (e.g., AEP Kentucky Transmission Company) , pursuant to the PJM OATT. For each Company, provide the schedule showing the derivation of the TO Revenues for each Company.

47. For <u>each</u> of AEP East Operating Companies and <u>each</u> AEP Transmission Company, whose investment is included in the calculation of the AEP East Network Integrated Transmission Service charges, provide the following:

   a. The net transmission plant in service balance used in the development of OATT NITS charges, by year, for the past 5 years. Also provide the incremental additions to transmission plant in service (NITS related) for each of the past 5 years.

   b. A projection of transmission plant investment for each of the next 5 years. To the extent that such projections are only available for a shorter period, please provide such information.

48. For the most recent 12 month period for which actual data is available, provide a schedule comparing the allocated NITS transmission charges to each of the AEP East Operating Companies versus the standalone revenue requirement using the most recent state authorized rate of return associated with the transmission plant in service for such Operating Company (include only transmission revenue requirements associated with transmission investment that is included in the computation of the AEP East NITS charges). Also provide, separately, the corresponding revenue requirement for each of the AEP Transmission Companies (if this is identical to the TO revenues previously provided for such AEP Transmission Company, please so state).

49. Provide a narrative that explains, for each of the AEP Transmission Companies (e.g., AEP Kentucky Transmission Company) how the transmission investment associated with that Company is designed to meet the needs of the AEP customers in the state in which such investment is located versus the needs of all customers utilizing the AEP East transmission system on an integrated basis. In particular, please provide an estimate of the percentage of transmission plant investment for each such AEP Transmission Company that would otherwise have been made by the corresponding AEP Operating Company (e.g., Kentucky Power Company, in the case of AEP Kentucky Transmission Company) had the AEP Transmission Company not existed.

50. With regard to the Transmission Agreement referenced in the previous question, please identify any regulatory approvals that would be needed in the event that an Operating Company, such as KPCo, exits the Transmission Agreement.

51. With regard to the AEP Ohio Transmission Company, and the AEP Indiana Transmission Company, please provide the driving factors causing the increase in transmission investment during the past 5 years.

52. In the event that an AEP Operating Company terminates participation in the Transmission Agreement, provide a detailed description as to how such Company (e.g. KPCo) would receive transmission service pursuant to PJM. Specifically, address whether such individual Operating Company would become its own transmission zone within PJM. Please identify, without quantification, the types of costs that such an Operating Company would incur from PJM or PJM members for transmission service, other than the costs of the Operating Company's owned transmission facilities. For example, if KPCo were to terminate its participation in the AEP East Transmission Agreement, what are the principal costs (descriptive, not quantified) that would be charged to KPCo in addition to KPCo's owned transmission revenue requirements.

53. In the event that KPCo were to leave the AEP East Transmission Agreement and become a standalone PJM member, would KPCo be required to pay any charges to AEP Kentucky Transmission Company, or any other AEP Transmission Company? If

the answer is "Yes," please provide an explanation of why such costs would be charged and how such charges would be determined.

54. Provide an economic analysis comparing the transmission revenue requirements to KPCo for each of the next five years under the following scenarios:

    a. KPCo continues to operate as a participant in the AEP East Transmission Agreement.

    b. KPCo previously provided a notice of termination, becomes a standalone member of PJM in 2021, and no longer participates in the AEP East Transmission Agreement after 2020.

55. Provide a list of the AEP East Companies that are included in the AEP East Fixed Resource Requirement ("FRR") capacity plan.

56. For each of the PJM delivery years 2018 through 2022, please provide the following:

    a. The total MW FRR load obligation of the AEP FRR Companies.

    b. The total MW of capacity resources, including demand response or other resources, that the AEP FRR Companies have committed to PJM to meet its FRR capacity obligation. Also provide the FRR Companies FRR Capacity Plan submitted to PJM applicable to the delivery year.

    c. The total MW of capacity that was available each delivery year for sales by the AEP FRR Companies into the Base Residual Auction, Interim Auctions or bilateral sales to another FRR entity, PJM member or third party who is not a PJM member. Please provide the calculations deriving this MW amount, including the required threshold quantity constraints.

    d. The actual sales of capacity made by the AEP FRR Companies each year, including the MW amount and the revenue received from such sales.

57. For each of the PJM delivery years identified in Part (d) of the prior question in which capacity sales to third parties, another FRR entity, a PJM member or PJM auctions were made, provide the allocation of any capacity revenues to each of the AEP FRR Companies, showing the percentage allocation factor and the total dollars of such capacity revenues.

58. Provide the dollar amount of capacity revenues received by KPCo in the test year, and identify the rate case schedule and FERC account in which these revenues are reflected. Provide a workpaper showing the derivation of these revenues based on an allocation of the total AEP East amount.

Other Expenses

59. Provide the lobbying expense actually incurred in the test year by FERC account/subaccount and payee/vendor, including expense that was incurred by affiliates, such as AEPSC, and charged to the Company. In addition, provide the amount of lobbying expense included in the cost of service in this proceeding in the same format.

Amortization Expense (Regulatory Assets)

60. Provide a schedule of the amortization expense associated with each regulatory asset for each year 2016 through 2019 and for each month of the test year. Provide the balance of each regulatory asset at the beginning and end of each of those periods (years and months), the amortization expense recorded in each of those periods (years and months), and the authorized amortization period. In addition, source the amortization period to the Case No. in which the Commission approved the recovery and the amortization period, if any.

Depreciation Expense

61. Please provide a copy of all internal analyses or written correspondence performed since the completion of Case No. 2017-00179, addressing appropriate depreciation rates and/or the decision whether to file a depreciation study in this case.

62. Confirm that the Company will cease depreciation expense on Automatic Meter Reading ("AMR") meters that are retired if the Commission grants a Certificate of Public Convenience and Necessity ("CPCN") to proceed with deployment of Advanced Metering Infrastructure ("AMI") meters and related infrastructure.

63. Confirm that the Company will retain the depreciation expense savings on AMR meters that are retired after base rates are reset in this proceeding until base rates are reset in the next base rate proceeding.

64. Confirm that the Company will agree to continue the depreciation expense on AMR meters that are retired after base rates are reset in this proceeding or convert the depreciation expense to amortization expense in lieu of retaining these savings if the

Commission grants a CPCN to proceed with deployment of AMI meters and related infrastructure. If the Company will not agree to do so, explain why not.

65. Provide the balance for AMR meters in account 370 and the associated balance of AMR meter A/D in account 108 at March 31, 2020, and for each month thereafter for which actual information is available.

66. Provide the amount of depreciation expense recorded for the AMR meters in account 370 during the test year.

<u>Property Tax Expense</u>

67. Refer to Section V, Exhibit 2, page 57, which details the annualization adjustment W55 for property taxes expense. Provide the calculation of the estimated test year property tax expense based on the 2019 Assessed Property Tax Value reflected on Line 1, including the calculation or other source of the property tax rates.

68. Refer to Section V, Exhibit 2, page 57, at line 2. Provide the monthly expense recorded in the three accounts referenced (4081005, 4081029, and 4081036) and in all other real and personal property tax accounts for the twelve months ended March 31, 2020. In addition, provide the same information for costs in any subaccounts not reflected above.

69. Refer to Section V, Exhibit 2, page 57, at line 2, which shows test year total company property tax expense of $13,322,701. Refer also to Section V, Schedule 4, at line 465, which shows test year per books real and personal property tax expense of $17,221,955. Provide a reconciliation between these amounts and explain all reasons why the amounts are different.

<u>Income Tax Expense</u>

70. Refer to Workpaper S-2.

    a. Explain why the Commission should not limit the state income tax to Kentucky in lieu of apportionments of the Kentucky state income tax rate and other AEP state income tax rates.

    b. Address why such apportionments do not constitute subsidies from Kentucky to other states for ratemaking purposes.

c. Address why such apportionments do not directly contradict the Commission's Orders in other proceedings ruling that federal income tax expense be calculated on a standalone basis and that it exclude all consolidated tax savings benefits, including the income tax expense savings from interest on debt at an upstream affiliate used to finance the parent's equity investment in the jurisdictional utility.

Capitalization and Rate Base

71. Refer to Section V, Schedule 4, at line 43 and at lines 231-233, which detail the amounts of Prepayments in Rate Base. Provide a detailed schedule of all amounts included in the per books amount of prepayments in FERC account 165 by subaccount. Be sure to provide the subaccount description and amounts for each of the per books sub accounts. For all amounts in FERC account 165 subaccounts not reflected on Schedule 4, including contra-asset amounts, explain why they are not reflected.

72. Provide a copy of the Company's receivables financing agreement.

73. Provide a schedule of all ADIT amounts by FERC account/subaccount and by temporary difference for each month December 2018 through the most recent month for which actual information is available in live Excel spreadsheet format with all formulas intact. Reconcile the amounts shown on this schedule to the ADIT amount reflected in the calculation of rate base for the test year.

74. Provide a copy of the AEP Money Pool Agreement.

75. Provide the actual interest rate incurred for borrowings under the AEP Money Pool Agreement for each month January 2020 through the most recent month for which actual information is available. Provide the calculation of the daily interest rates based on the terms of the AEP Money Pool Agreement, including the interest rate index relied on for that purpose plus any adders.

Long-Term Debt

76. Please refer to the list of long-term debt issues found in Section V, Workpaper S-3, page 2 of 4.

    a. Refer to the $40 million issue of Senior Unsecured Notes with a 06/18/2021 maturity date and a coupon interest rate of 7.250% on line 2.

i. Please indicate whether the Company has analyzed refinancing this issue prior to maturity in order to obtain a lower interest rate. If so, please discuss current plans, explain any hindrances in detail including, but not limited to, the effects make whole provisions, and provide a copy of all such studies/analyses. If not, please explain in detail all reasons why not. In addition, please provide a copy of the debt agreement with the terms and conditions.

ii. Please describe the Company's plan to refinance this issue at or near the maturity. Provide a copy of all studies and/or forecasts of the timing for the refinance, term of issue, and projected interest rate, including the basis or source for the projected interest rate.

b. Refer to the $30 million issue of Senior Unsecured Notes with a 06/18/2029 maturity date and a coupon interest rate of 8.03% on line 3. Indicate whether the Company has analyzed refinancing this issue in order to obtain a lower interest rate. If so, please discuss current plans, explain any hindrances in detail including, but not limited to, the effects of make whole provisions, and provide a copy of all such studies/analyses. If not, please explain in detail all reasons why not. In addition, please provide a copy of the debt agreement with the terms and conditions.

c. For the $60 million issue of Senior Unsecured Notes with a 06/18/2039 maturity date and a coupon interest rate of 8.13% on line 4, please indicate whether the Company has analyzed refinancing this issue in order to obtain a lower interest rate. If so, please discuss current plans, explain any hindrances in detail including, but not limited to, the effects of make whole provisions, and provide a copy of all such studies/analyses. If not, please explain in detail all reasons why not. In addition, please provide a copy of the debt agreement with the terms and conditions.

d. For the $75 million Local Bank Term Loan with a 10/26/2022 maturity date and a coupon interest rate of 2.365% on line 13, please indicate whether the Company has analyzed refinancing this issue in order to obtain a lower interest rate. If so, please discuss current plans, explain any hindrances in detail including, but not limited to, the effects of make whole provisions, and provide a copy of all such studies/analyses. If not, please explain in detail all reasons why not. In addition, please provide a copy of the debt agreement with the terms and conditions.

e. Refer to the $75 million Local Bank Term Loan with a 10/26/2022 maturity date and a coupon interest rate of 2.365% on line 13. Please discuss whether this loan is subject to early repayment without penalty. Provide a copy of all studies/analyses used to assess this possibility and the potential savings. Provide a copy of the debt agreement with the terms and conditions.

f. Refer to the $125 million Local Bank Term Loan with a 3/6/2022 maturity date and a coupon interest rate of 1.670% on line 14. Please provide a copy of the debt agreement with the terms and conditions.

Short-Term Debt

77. Refer to Section V, Workpaper S-3, which shows a reduction of short-term debt from February 2020 of $120.549 million to March 2020 of $10.685 million.

    a. Explain what caused the reduction in the short-term debt balances and provide copies of the March 2020 general ledger activity, which shows beginning and ending general ledger balances for short-term debt as well as all debits and credits during March 2020.

    b. Provide a copy of all correspondence, including, but not limited to emails, that address the timing of the repayment of short-term debt just before the end of the test year in this proceeding.

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

Cost of Capital

79. Provide all bond rating agency reports (Standard and Poor's, Moody's, Fitch) on Kentucky Power Company (KPCO) from 2018 through the most recent month in 2020. Consider this an ongoing request such that when updated reports are filed, KPCO will provide these updated reports.

80. Provide all bond rating agency reports (Standard and Poor's, Moody's, Fitch) on American Electric Power Company from 2018 through the most recent month in 2020. Consider this an ongoing request such that when updated reports are filed, KPCO will provide these updated reports.

81. Refer to Messner Direct Testimony, pages 4 and 5. Please provide all cost of capital exhibits and work papers in spreadsheet format with cell formulas intact. Include KPCO's weighted average cost of debt and all supporting work papers.

82. Provide the earned return on equity ("ROE") for KPCO for the calendar years 2015 - 2019. Provide all supporting work papers and documentation, including spreadsheets with cell formulas intact.

83. Provide the historical capital structures for KPCO for the calendar years 2015 - 2019. Provide supporting work papers and documentation, including spreadsheets with cell formulas intact.

84. Refer to Exhibit AMM-8.

    a. Provide the source documents for the allowed return on equity by year.

    b. Provide updated allowed ROEs through 2020 using the latest available data. Provide this data by rate case decision.

85. Provide any analyses performed by Mr. McKenzie or other persons at KPCO that quantify the credit metrics used by Standard and Poor's and/or Moody's showing that Mr. McKenzie's recommended ROE is necessary to maintain the Company's financial integrity. If no such analyses were performed, please so state.

Cost Allocation and Rate Design

86. For each month during the period March 2019 through November 2019, please provide the following:

    a. Total number of residential customers

    b. Total number of residential customers who are delinquent in paying their bills by:
       i. 30 days
       ii. 60 days
       iii. greater than 60 days

    c. The average delinquent balance per delinquent residential customer in the month.

87. For each month, beginning March 2020 and continuing through November 2020 as the actual information becomes available, please provide the following:

    a. Total number of residential customers

    b. Total number of residential customers who are delinquent in paying their bills by:
       i. 30 days
       ii. 60 days
       iii. greater than 60 days

    c. The average balance per delinquent residential customer in the month.

88. Please provide a unit cost of service study analysis, showing the unit cost of demand, energy and customer costs by rate class. Provide this study in excel format with all formulas intact.

AMI CPCN and Grid Modernization Rider

89. Provide a copy of all cost/benefit analyses performed in support of the proposed AMI. If none were performed, then so state and explain why the Company determined that such analyses were not necessary.

90. Provide all support for the estimate of incremental O&M expense related to the AMI. Indicate whether the incremental O&M expense includes reductions in O&M expense due to avoided maintenance on the AMR meters and lower maintenance due to the introduction of two-way communication through the AMI meters and related infrastructure and avoided truck rolls for service start/stop and other service calls that no longer will be necessary.

91. Refer to the Company's response to Staff 2-1 account 902002 Meter Reading. Provide the estimated reduction in the expense in this account if the request for a CPCN for AMI meters and related infrastructure is approved and the new meters and infrastructure are installed. Provide all support for your response.

92. Regarding KPCo's application for a CPCN to deploy AMI meters, explain when KPCo anticipates it will issue RFPs for: (i) the AMI meters; (ii) the communications network; and (iii) the computer backhaul hardware, firmware, and software required to operate the AMI system.

    a. Does KPCo believe the Commission should assume that the meters the Company will procure and deploy will be least cost?

    b. If KPCo has already issued or prepared the request for proposals ("RFP"), provide copies, or at least provide the essential terms.

    c. If the RFPs have not yet been issued, explain when they will be issued, and state whether KPCo will commit to supplying copies of these documents.

93. Provide copies of all studies, analyses or estimates KPCo conducted, or which were conducted on its behalf, regarding the types of communication network hardware, firmware and/or software that will be necessary to create and maintain the type of communications network necessary to support the deployment of AMI meters throughout KPCo's service territory, including the hilly terrain found in many parts of that territory.

a. Given that telecommunications providers have been unable to create a communications network that provides cell phone service in some of the more mountainous parts of eastern Kentucky, explain how KPCo will be able to create a reliable communications network in its service territory.

b. Assuming KPCo is able to do so, and assuming further the Commission approves the Company's CPCN, explain whether KPCo would be willing to allow telecommunications carriers to share at least some of the facilities KPCo intends to construct. If not, why not?

94. Confirm that KPCo has not conducted any cost-benefit analyses pertaining to an AMI system in its service territory.

a. Reference the Blankenship testimony at page 13, wherein he states that many of the benefits of AMI technology are not readily quantifiable. Provide a detailed explanation of the types of benefits that are and are not quantifiable.

i. Did KPCo conduct any cost-benefit analyses of the types of benefits it believes are quantifiable? If your response is in the affirmative, provide copies of all such analyses. If your response is in the negative, explain why not.

95. Explain whether KPCo will be conducting any cost-benefit analyses pertaining to its prospective AMI system. If not, why not?

a. If KPCo will be conducting any such analyses, will KPCo commit to providing copies of all such studies? If not, why not?

96. Confirm that with regard to the purported benefits of the prospective AMI system described in the testimonies of Messrs. Blankenship and West, KPCo is basing all assumptions on the AMI systems that KPCo's affiliates have deployed in other jurisdictions.

97. Since KPCo is relying so heavily on data pertaining to AMI systems deployed in the service territories of its affiliated utilities, provide:

a. copies of all cost-benefit analyses performed by or on behalf of those affiliated companies;

b. technical details of all metering systems, including manufacturer, make and model numbers of all meters and the price per meter, communications network, and computer backhaul equipment, including all relevant costs; and

c. all operational expense savings achieved, broken down by type of operational expense, in each such territory resulting from the deployment of AMI technology.

98. Is KPCo aware of this Commission approving a CPCN for AMI deployment in which the utility did not identify the manufacturer, make and model of the proposed meters, communications network, and computer backhaul equipment required to operate the AMI system? If so, provide details.

99. State whether KPCo will require any of the following additional infrastructure items in order for its proposed AMI program to operate properly in its service territory, and if so, please provide a cost estimate for each item, and for any other item of infrastructure not listed below:

a. software servers;
b. network load balancers;
c. middleware;
d. computer networking infrastructure;
e. network backhaul;
f. cellular towers; and
g. collectors and/or routers.

100. Reference Blankenship, Figure 5. Explain how KPCo is able to project forecasted costs for the anticipated four-year deployment period when it does not know the essential details of its anticipated AMI system, including manufacturers, model numbers, and other essential data.

a. Given the hilly terrain prevalent in KPCo's service territory, explain whether communications network cost estimates based upon systems deployed in the service territories of KPCo's affiliated operating companies are relevant in any manner to KPCo's proposed AMI system.

101. Reference the Blankenship testimony at page 11, wherein he states, "With AMI meters, customers will have near immediate access to their electric usage information with 15-minute interval data, meaning a meter reading every 15 minutes."

a. Explain how KPCo knows this to be true given that the Company has not identified the technological means of providing this service.

b. Explain whether customer access to usage data will be provided by an in-home portal display device, by internet, or some other means. Explain also how the Company will make this service available to customers lacking internet service.

c. Provide cost estimates for making access to usage data with 30-minute, and 60-minute interval periods. The response should also address whether prolonging the interval data by up to 30 or 60 minutes could also prolong the projected lifespan of the communication module that will be used on each AMI meter.

102. Reference the Blankenship testimony at pages 11-16, wherein he discusses, *inter alia*, high bill alerts, TOD rates, DSM programs, flex-pay billing, remote firmware upgrades, and support for distributed energy resources. Explain how KPCo knows it can offer these services or programs despite the fact that the Company has not identified the technological means of providing this service.

a. Does KPCo believe the Commission should assume the meters that are eventually deployed will possess the functionality necessary to provide these services / programs?

103. Explain whether KPCo's cost estimates for the AMI project include any potential upgrade work on substations. If the Company does contemplate any such upgrades, provide a cost estimate for such work.

104. Explain whether the AMI project will result in stranded costs, and if so: (i) provide an estimate of all such costs; and (ii) explain how KPCo proposes to recover such stranded costs.

105. In the event the Commission approves KPCo's CPCN application, explain whether the Company will propose: (i) a Peak Time Rebate program; and (ii) any new Demand Side Management (DSM) and/or Demand Response (DR) programs, and if so, provide as much detail as possible regarding each such program.

a. State whether any other AEP operating Company that has deployed AMI technology system-wide has offered any of these programs. Explain in detail.

b. If the Company will propose any new DR programs, explain whether the Company will offer such savings into the PJM market, and further, whether any proceeds from such an offering will inure to customers' or shareholders' benefit.

106. As a result of deploying the proposed AMI meters and associated infrastructure, has the Company developed any policy(ies) governing the ability of third parties to gain access to the data generated by the AMI meters? If so, provide copies of same.

a. What does the Company intend to do with data it collects from its customers?

b. Does the Company look upon customer data as a revenue enhancement measure?

c. Will there be any additional costs associated with any plans the Company may have regarding customer data? If so, were they included within the cost projections for the instant application? If not, why not?

107. Describe the technology components, whether software, firmware or hardware, which the Company either has deployed or will deploy to insure cybersecurity pertaining to the AMI deployment.

108. Describe the consumer education programs the Company intends to implement if the Commission should approve all or any portion of its CPCN application.

109. If the Commission should approve all or any portion of KPCo's CPCN application, including remote connect/disconnects and pre-paid metering, will the Company agree to adhere to all existing consumer protection requirements pertaining to disconnections as well as all customer rights pertaining to billing disputes? If not, why not?

110. If the Commission should approve all or any portion of KPCo's CPCN application, has the Company decided what measurable and enforceable performance metrics it would like to develop as a result of the AMI program? If so, please identify them.

111. In what manner does KPCo believe it should allocate between the Company and its ratepayers the risk that the proposed benefits of the program do not materialize as predicted? Explain in full detail.

112. Is KPCo aware that customers of utilities in other states have had to pay hundreds of millions of dollars in stranded costs for obsolete smart meters, some of which were never even installed?

113. Describe the measures KPCo is proposing to take to insure that the AMI technology it has chosen, or will choose, does not become obsolete.

a. Has the Company factored into its cost projections the costs for software, firmware and/or hardware upgrades necessary to satisfy any potential standards from the National Institute for Standards and Technology (NIST)? If not, provide a cost projection that includes these estimates.

b. In what manner will the meters KPCo chooses to install be capable of accepting upgrades to software, firmware, and/or hardware? Will there be any limitation upon the number of meter upgrades that could be accommodated without having to replace the meter, and/or any applicable battery?

c. Identify who will pay for any upgrades to the AMI meters, and whether those costs have been calculated into the Company's cost projections.

d. Identify the manufacturer, model, cost if available, and projected lifespan of the RF communications module that will be used on each AMI meter. Explain also if the module is capable of being replaced separately from the meter.

e. Provide the warranty period of the communications module.

f. Confirm that the more frequently a meter is "pinged:" (i) the shorter the projected lifespan of the communications module; and (ii) the greater the need for data storage in the computer backhaul equipment.

g. Explain whether the communications module will be powered via battery, or power from the meter.

114. Explain whether the backhaul system KPCo will eventually install with regard to its proposed AMI system will be capable of receiving upgrades, and if so, what type(s) of upgrades it can accommodate. Explain also the degree to which the backhaul system will be interoperable with other technologies. For purposes of these questions regarding the proposed CPCN for AMI and Grid Modernization Rider, the term "interoperable" means the ability of different information technology systems and software applications to communicate, exchange data, and use the information that has been exchanged.

115. To what extent will the proposed AMI system be interoperable with KPCo's other systems, including but not limited to: IT office systems, metering systems, SCADA and DSM systems, outage management systems, analytic systems, external partners and services.

116. How does KPCo propose to reflect operational benefits of the proposed AMI system in its accounting? Would the Company agree to provide a sur-credit of all such benefits on a per-meter basis? If not, why not?

117. Confirm that KPCo is still able to procure spare parts for its existing meter system.

118. Confirm that KPCo is not guaranteeing that net savings resulting from the proposed AMI deployment would be passed on to its customers.

119. Confirm that in the current case, KPCo is not providing a depreciation rate for the proposed AMI meters, but instead will propose a depreciation rate of 15 years in the next base rate case.

a. Explain whether the depreciation rate of 15 years will be based on the meters' expected lifespan. If so, explain how KPCo knows this is the case when it has not identified the precise meter, model and manufacturer.

b. Provide all bases for KPCo's belief that the 15-year depreciation rate it will propose for the AMI meters will prove cost-beneficial to ratepayers.