

Kentucky Power Company
KPSC Case No. 2020-00174
Commission Staff's Second Set of Data Requests
Order Dated June 30, 2020

DATA REQUEST

- KPSC 2_21** State whether the utility, through an outside consultant or otherwise, performed a study or survey to compare its wages, salaries, benefits, and other compensation to those of other utilities in the region or to other local or regional enterprises since the utility's last base rate case.
- a. If comparison were performed, provide the results of the study or survey, including all workpapers, and discuss the results of such comparisons. State whether any adjustments to wages, salaries, benefits, and other compensation in the rate application are consistent with the results of such comparisons.
 - b. If comparisons were not performed, explain why not.

RESPONSE

a. The Company compares its employee compensation information to utility and general industrial companies on an as needed basis. In particular, the Company compares market compensation for individual or a small group of positions whenever 1. new positions are created; 2. a compensation review is requested by AEP management, or 3. when the HR department initiates a review because of rapidly changing market wages or recruiting and retention difficulties. These market compensation comparisons allow the Company to determine appropriate matches of particular positions to market and grades for the positions that gave rise to the analyses. These comparisons lead to discussions with AEP management, but do not result in written reports.

Please refer to KPCO_R_KPSC_2_22_ConfidentialAttachment6 for the market compensation surveys that the Company has relied upon.

In addition, the HR Committee of the Board of Directors annually conducts an executive compensation study covering approximately 25 executive positions. This study is conducted by the HR Committee's external compensation consultant. These studies include non-public compensation information for individual executives.

AEP has also participated in benefits surveys performed by Aon. The Company utilizes the results of such studies to benchmark its benefit plans for reasonableness in terms of plan design and value as compared to other non-affiliated utility employers. It is standard practice in designing benefit plans to rely on resources such as survey data to gauge the reasonableness of employee benefit plans.

Please refer to KPCO_R_KPSC_2_21_ConfidentialAttachment1 for the Aon survey.

b. Not applicable.

November 5, 2020 Supplemental Response

Please see KPCO_SR_KPSC_2_21_Attachment1 for the Aon market benefits survey. It is being filed pursuant to the Commission's October 26, 2020 Order.

Witness: Kimberly K. Kaiser

Witness: Andrew R. Carlin



Benefit Index[®]

2019 Salaried Benefits

American Electric Power Company

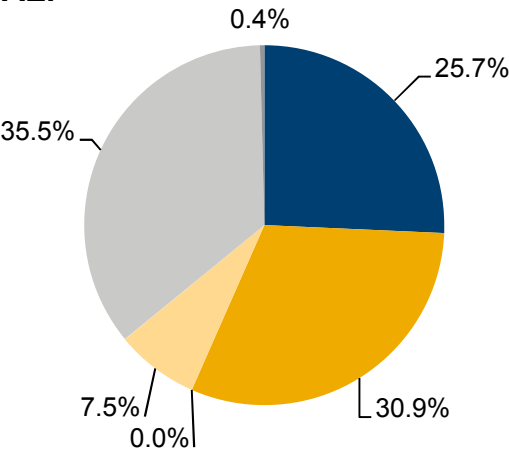
June 2019



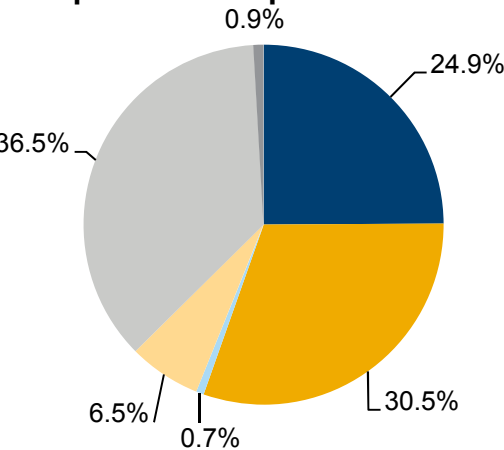
All Benefits

Relative Weight of Benefit Area

AEP

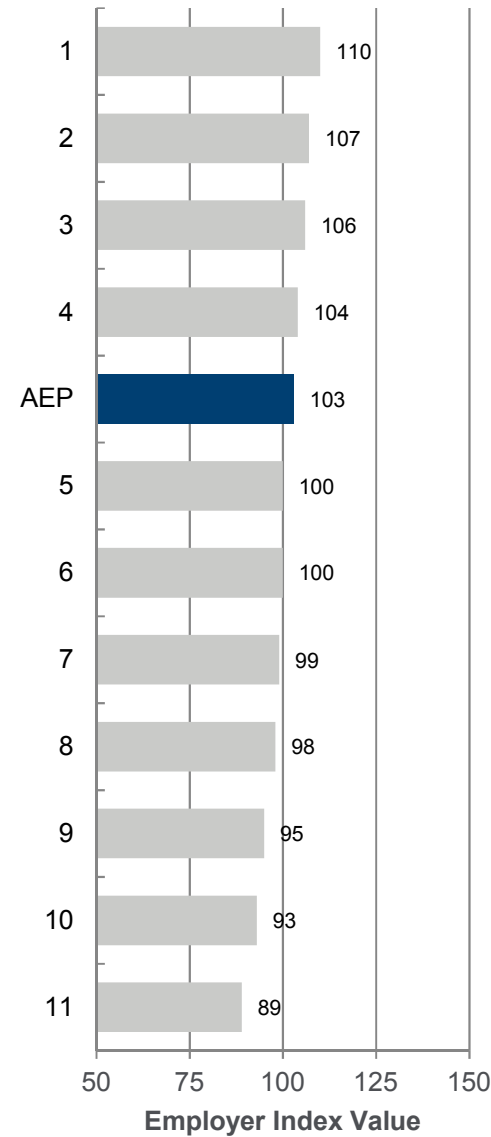


Comparator Group



- Retirement Income
- Active Health Care
- Retiree Health and Welfare
- Active Welfare
- Time Off With Pay
- Cash-Based Benefits

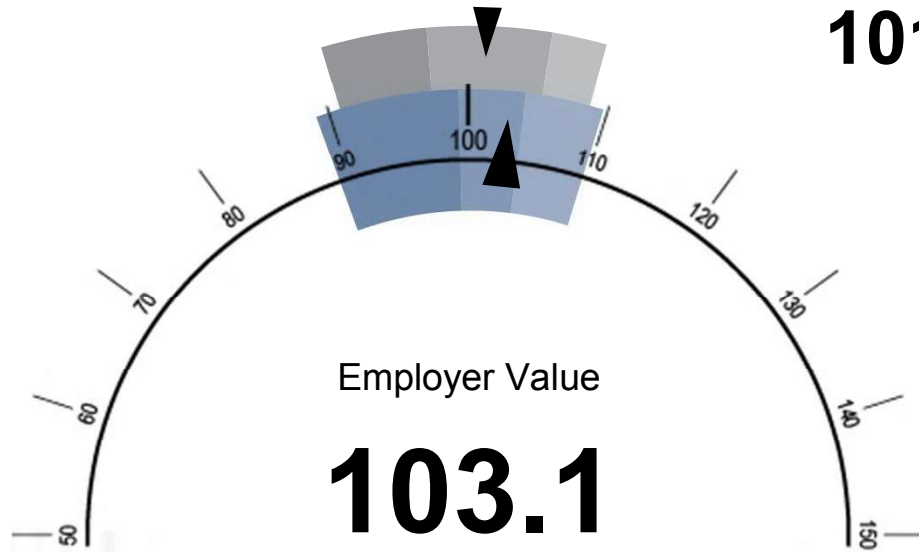
All Benefits Distribution



Overall Results








Total Value

101.1



Results by Major Benefit Area








Your overall employer value Benefit Index score of 103.1 is a value-weighted average of these benefit areas:

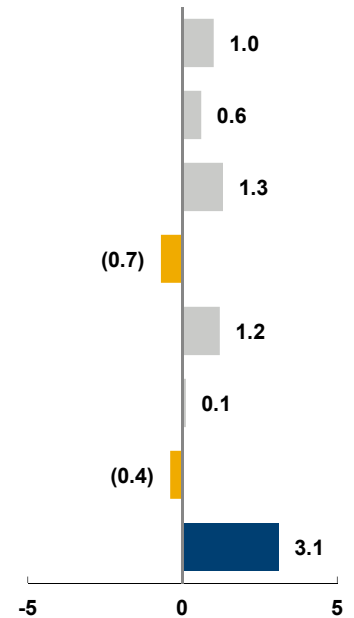
Major Benefit Areas		Index	Rank
	Retirement Income (includes matched savings and nonmatching employer-provided benefits)	106.7	4th / 5th
	Active Health Care (includes medical, dental and vision benefits for active employees)	104.2	4th / 5th
	Retiree Health and Welfare (includes retiree medical and retiree life insurance)	0.0	3rd - 11th
	Active Welfare (includes short-term and long-term disability, group life insurance and survivor coverage)	119.0	Above 1st
	Time Off With Pay (includes vacations, holidays, personal days and parental leave)	100.3	4th / 5th
	Cash-Based Benefits (includes ESPP, adoption assistance, education reimbursement, dependent care financial assistance)	48.9	6th
	All Benefits (includes all of the above)	103.1	4th / 5th

Understanding Your Employer All Benefits Results

Your employer All Benefits index is 103.1 which is 3.1 percentage points above the average value of your comparator group. This is the composite of individual benefit areas based on a relative weighting of the value of the benefits. In each area, the Impact on All Benefits is calculated as the Relative Weight multiplied by the difference between your index and 100. **Example:** your Active Health Care index is 104.2, or 4.2% above average, and the relative weight of this benefit area is 30.5%, so the active health care area adds 1.3 to the All Benefits index.

The impact, by major benefit area, is shown in the chart below.

Benefit Area	Relative Weight	Employer Index	Impact on All Benefits
 Retirement Income			
▪ Non-Matching	13.8	107.5	1.0
▪ Matched Savings	11.1	105.7	0.6
 Active Health Care	30.5	104.2	1.3
 Retiree Health and Welfare	0.7	0.0	(0.7)
 Active Welfare	6.5	119.0	1.2
 Time Off With Pay	36.5	100.3	0.1
 Cash-Based Benefits	0.9	48.9	(0.4)
 All Benefits	100%	103.1	3.1



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DATA REQUEST

KPSC 2_42 Describe the utility's lobbying activities and provide a schedule showing the name, salary, and job title of each individual whose job function involves lobbying on the local, state, or national level.

RESPONSE

Kentucky Power Company monitors state and local legislative issues that may affect Kentucky Power or its customers. As issues emerge, a corporate strategy is developed in concert with AEP headquarters in Columbus to assure alignment with the other states in which AEP operates. Amy Elliott, External Affairs manager, monitors the activities at the state level. Most of Ms. Elliott's efforts with elected officials are education-related. AEP has a Federal Affairs office in Washington, D.C. responsible for lobbying activities at the national level, and Kentucky Power receives an allocation of those expenses.

During the test year period, 2.4% of Ms. Elliott's salary was directly charged to Account 426.4 (Civic & Political Activities). Please see KPCO_R_KPSC_2_42_Confidential Attachment1.

Approximately 5.15% of the costs associated with the AEPSC Federal Affairs office in Washington, D.C. or \$104,033 (includes \$42,275 in labor costs) were allocated to Kentucky Power by AEPSC for federal lobbying activities. The costs were allocated using the total asset allocation factor established in the Company's Cost Allocation Manual.

November 5, 2020 Supplemental Response

Please see KPCO_SR_KPSC_2_42_PublicAttachment1 for the portion of the employee's salary attributed to lobbying activities made public in accordance with ordering Paragraph 4 in the Commission's October 26, 2020 Order in this proceeding.

Witness: Deryle B. Mattison

<u>Registered Lobbyist</u>	<u>Annual Salary</u>	<u>Lobbying Wages</u>
Amy Elliott		\$ 2,636

**Mattison - KY Discovery Verification.docx**

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E-Signature Summary**E-Signature 1: Brett Mattison (BM)**

October 27, 2020 12:45:10 -8:00 [EC3C11E255D5] [167.239.2.88]
bmattison@aep.com (Principal) (Personally Known)

E-Signature Notary: Sarah Smithhisler (SRS)

October 27, 2020 12:45:10 -8:00 [ACDE0AB268B0] [161.235.221.84]
srsmithhisler@aep.com

I, Sarah Smithhisler, did witness the participants named above electronically sign this document.



VERIFICATION

The undersigned, D. Brett Mattison, being duly sworn, deposes and says he is President & COO of Kentucky Power Company that he has personal knowledge of the matters set forth in the forgoing responses and the information contained therein is true and correct to the best of his information, knowledge and belief after reasonable inquiry.

Brett Mattison

Signed on 2020/10/27 12:45:10 -8:00

D. Brett Mattison

STATE OF OHIO

)

) Case No. 2020-00174

COUNTY OF FRANKLIN

)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by D. Brett Mattison, this 27th day of October 2020.



S. Smithhisler

Signed on 2020/10/27 12:45:10 -8:00

Notary Public

Notary ID Number: 2019-RE-775042





KY Discovery Verification - Carlin.docx

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E-Signature Summary

Signer 1: Andrew R. Carlin (ARC)

November 03, 2020 08:01:51 -8:00 [DF5C571083C8] [167.239.2.88]
arcarlin@aep.com (Principal) (Personally Known)

E-Signature Notary: Brenda Williamson (BW)

November 03, 2020 08:01:51 -8:00 [778CCBB36701] [167.239.2.87]
bgwilliamson@aep.com
I, Brenda Williamson, did witness the participants named above electronically sign this document.



VERIFICATION

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

Andrew R. Carlin

Signed on 2020/11/03 08:01:51 -8:00

Andrew R. Carlin

STATE OF OHIO

)

) Case No. 2020-00174

COUNTY OF FRANKLIN

)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by
11/03/2020 _____, this ____ day of November 2020.

Brenda Williamson

Signed on 2020/11/03 08:01:51 -8:00

Notary Public



Brenda G. Williamson
Commission # 2016-RE-579446
Electronic Notary Public
State of Ohio
My Comm Exp. Apr 25, 2021

Notary Stamp 2020/11/03 08:01:51 PST

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