

Kentucky Power Company
KPSC Case No. 2021-00004
Commission Staff's Third Set of Data Requests
Dated May 18, 2021
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DATA REQUEST

KPSC 3_1 In an April 22, 2021 earnings call covering, the first quarter of 2021, American Electric Power Co., Inc. (AEP) Chairman Nicholas K. Akins stated, “regarding our efforts regarding portfolio management, we now will announce an ongoing strategic review of our Kentucky assets. We expect to complete this review during 2021. As we have mentioned before and as for all practical purposes, we are a fully regulated utility, we’re now focused on portfolio optimization and capital allocation prioritization to address future capital needs with balance sheet expectations while improving shareholder value. So more to come in the future regarding this review.” Additionally, in response to a reporter’s question, Chairman Akins said about Mitchell Generating Station (Mitchell), “[Mitchell] still has value, it still has years to operate.”

- a. Explain whether the strategic review process has affected Kentucky Power’s proposal to construct projects to comply with both the Coal Combustion Residuals (CCR) Rule and the Effluent Limitation Guidelines (ELG).
- b. Explain what steps AEP and Kentucky Power have undertaken to date in the strategic review.

RESPONSE

- a. No, the strategic review process has not affected the Company's proposal in this case.
- b. The ability of Kentucky Power and its parent, American Electric Power Company, Inc. (“AEP”), to respond, even on a confidential basis, prior to the public announcement of the completion of the strategic review process, to further inquiries concerning the recently announced strategic review is significantly limited by the nature and requirements of the process, as well as the limitations and requirements of federal securities laws.

The process itself is highly confidential and dissemination of information regarding the process is strictly limited within Kentucky Power and AEP on a need to know basis. In addition to the standard confidentiality obligations of Kentucky Power and AEP employees regarding business information, those AEP and Kentucky Power employees involved in the strategic review process have signed non-disclosure agreements involving the process and the information generated during the process. Further, Kentucky Power and AEP have entered into nondisclosure agreements with participants in the strategic

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review that prevent Kentucky Power and AEP from disclosing information regarding the participants' identity and the information they provide AEP and Kentucky Power. The selective disclosure of non-public information regarding the strategic review beyond that provided in response to this data request, even on a confidential basis, could also compromise the appearance of the fairness of the strategic review and affect the fairness and success of the process.

Kentucky Power Company's parent, AEP, is a publicly traded company. The selective disclosure of material non-public information regarding the strategic review also could create issues under federal securities laws for both AEP and Kentucky Power and participants in the process.

In addition, Kentucky Power finds it necessary to limit the disclosure of information regarding the strategic review process prior to its completion because of the effect of such disclosures, and speculation regarding any such disclosure, can have on the Company's employees and the Company's ability to provide safe, efficient, and reasonable service. Please refer to KPCO_R_KPSC_3_1_ConfidentialAttachment1.

Witness: D. Brett Mattison

KPCO_R_KPSC_3_1_PublicAttachment1 is confidential in its entirety.

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KPSC 3_2 Refer to West Virginia Public Service Commission Case No. 20-1040-E-CN, the direct testimony of Christian T. Beam, pages 6–7, which states that performing the CCR compliance work and retiring Mitchell in 2028 is a slightly better alternative than performing CCR and ELG compliance work, and that an option to perform only the CCR compliance work and replace a portion of the retired Mitchell capacity with a portion of Appalachian Power Company's excess capacity in 2028 results in savings of approximately \$27 million annually from 2029 to 2040 for Wheeling Power Company's West Virginia customers. Also refer to Kentucky Power's response to Commission Staff's First Request for Information, Item 3, which states that, without knowing how the Kentucky and West Virginia Commissions will decide the respective proceedings, Kentucky Power is unable to anticipate how it might resolve conflicting decisions regarding the alternative proposals for environmental compliance at Mitchell.

- a. Given that Wheeling Power Company identified performing CCR-only environmental compliance projects as providing greater savings for its customers and Kentucky Power recommended performing both CCR and ELG compliance projects, describe the options that Kentucky Power has discussed internally within Kentucky Power, with AEP, and with Wheeling Power Company to address conflicting decisions regarding the alternative proposals for environmental compliance at Mitchell.
- b. Provide copies of any documents related to internal discussions by Kentucky Power and AEP regarding potential options to address the conflicting cost and benefit impact of the alternative proposals for environmental compliance at Mitchell.
- c. Explain how and the extent to which the potential sale of Kentucky Power is being incorporated into the strategic review. Include in the explanation whether Kentucky Power could be sold without the Mitchell station assets.

RESPONSE

a. The Company is not aware of any non-privileged discussions responsive to this request. Kentucky Power, AEP, and Wheeling Power Company have had preliminary, high level discussions regarding the need to analyze the environmental compliance, economic, and other impacts of conflicting commission orders and the need to engage

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with one or both commissions, as appropriate based upon the commissions' decisions, to determine how to proceed to resolve any conflicts. Without knowing how the Public Service Commission of Kentucky and the Public Service Commission of West Virginia might decide the applications pending before them, or the respects in which or degree to which the commissions' decisions might conflict, the Company, AEP, and Wheeling Power Company cannot identify specific options to address such conflicts.

- b. The Company has no documents responsive to this request.
- c. Please refer to KPCO_R_KPSC_3_2_ConfidentialAttachment1.

Witness: D. Brett Mattison

KPCO_R_KPSC_3_2_PublicAttachment1 is confidential in its entirety.

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DATA REQUEST

KPSC 3_3 Provide the expected date for the West Virginia Public Service Commission to issue an Order in Case No. 20-1040-E-CN, and state whether the expected issuance date is a statutory or regulatory due date, or whether the date was established pursuant to a request by Wheeling Power Company.

RESPONSE

There is no “statutory” or “regulatory” due date for an order in Case No. 20-1040-E-CN, which is pending before the Public Service Commission of West Virginia. Appalachian Power Company and Wheeling Power Company did request that the Public Service Commission of West Virginia issue its final order by July 31, 2021, and the current hearing dates and briefing schedule established in the case could allow for that possibility.

Witness: D. Brett Mattison



Mattison Verification_June 1.docx

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E-Signature Summary

E-Signature 1: Deryle Brett Mattison (DBM)

June 01, 2021 12:04:46 -8:00 [C18862255E75] [167.239.221.82]
bmattison@aep.com (Principal) (Personally Known)

E-Signature Notary: S. Smithhisler (SRS)

June 01, 2021 12:04:46 -8:00 [AFCC0529E128] [161.235.2.86]
srsmithhisler@aep.com

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



VERIFICATION

The undersigned, Brett Mattison, being duly sworn, deposes and says he is the President and Chief Operating Officer 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.


Signed on 2021/06/01 12:04:46 -8:00

Brett Mattison

STATE OF OHIO

)

) Case No. 2021-00004

COUNTY OF FRANKLIN

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Subscribed and sworn to before me, a Notary Public in and before said County and State, by Brett Mattison, on 06/01/2021.




Signed on 2021/06/01 12:04:46 -8:00

Notary Public

Notary ID Number: 2019-RE-775042

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