

Kentucky Power Company
KPSC Case No. 2021-00004
Commission Staff's Second Rehearing Data Requests
Dated September 17, 2021
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DATA REQUEST

- RH_2_1** Refer to Kentucky Power's motion for rehearing, pages 1 and 5–6 and the Direct Testimony of Brian D. Sherrick, pages 12–13.
- a. Provide a schedule detailing the components of the total expenses related to the proposed Effluent Limitation Guidelines (ELG) compliance project at Mitchell Generating Station (Mitchell) incurred through July 15, 2021.
 - b. Provide a schedule detailing the components of Kentucky Power's expenses related to the proposed ELG compliance project at Mitchell incurred through July 15, 2021.
 - c. Provide a schedule detailing the components of Kentucky Power's proposed regulatory asset for expenses related to the proposed ELG compliance project at Mitchell incurred through July 15, 2021.
 - d. Explain how Kentucky Power's ELG related expenses are currently recorded on Kentucky Power's books.

RESPONSE

- a. Please see KPCO_R_KPSC_RH_2_1_Attachment1, columns (K) through (O), for total Mitchell Plant ELG compliance project costs incurred through June 2021. Please see the direct testimony of Company Witness Sherrick starting on page 12, line 8 for a discussion on the scope of the costs. The requested incurred cost information was provided through June 2021, rather than July 15, 2021, because the Company does not perform a mid-month accounting close and the requested July 15, 2021 cutoff information is not available. As described in KPCO_R_KPSC_RH_2_1_Attachment1, Line No. 35, a review of costs, initiated prior to July 2021, identified costs charged to the ELG work order which more properly applied to the CCR work order. An adjusting journal entry (AJE) was posted in late September 2021 to reclassify these costs accordingly. The impact of this AJE on indirect costs, such as clearing costs, will not be known until after the completion of the September 2021 accounting close process. Kentucky Power will supplement this response by October 15th, after September accounting close, with the final impact of the AJE on ELG cost and the Company's requested regulatory asset.

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b. Please see KPCO_R_KPSC_RH_2_1_Attachment1, columns (A) through (E), for Kentucky Power's Mitchell Plant ELG compliance project costs incurred through June 2021. Also, please refer to explanatory comments provided in response to subpart a. above.

c. Please see KPCO_R_KPSC_RH_2_1_Attachment1, Line No. 32, for Kentucky Power's proposed regulatory asset for Mitchell Plant ELG compliance project costs incurred through June 2021. Also, please refer to explanatory comments provided in response to subpart a. above. The proposed regulatory asset is approximately \$1.5 million.

d. Kentucky Power's Mitchell Plant ELG compliance project costs incurred through June 2021 are currently recorded on its books in FERC Account 107, Construction Work in Progress (CWIP). If the Commission does not authorize Kentucky Power to establish a regulatory asset for these prudently incurred costs which meet the Commission's traditional standard (please refer to the Company's response to RH_2_3), Generally Accepted Accounting Principles (GAAP) require that Kentucky Power expense these costs in the financial reporting period that a Commission decision is rendered. Absent authority to establish a regulatory asset, expense treatment would be required under GAAP because the ELG project has not been authorized for construction and, as to Kentucky Power, will not be recorded to plant in service; therefore, ELG project costs are not appropriate to remain in CWIP.

October 15, 2021 Supplemental Response

a. Please see KPCO_SR_KPSC_RH_2_1_Attachment1, columns (K) through (O), for the Company's revised total Mitchell Plant ELG compliance project costs incurred through June 2021 to include the impact of the AJE on indirect construction overhead costs after the completion of the September 2021 accounting close process.

b. Please see KPCO_SR_KPSC_RH_2_1_Attachment1, columns (A) through (E), for Kentucky Power's revised Mitchell Plant ELG compliance project costs incurred through June 2021 to include the impact of the AJE on indirect construction overhead costs after the completion of the September 2021 accounting close process.

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c. Please see KPCO_SR_KPSC_RH_2_1_Attachment1, Line No. 32, for Kentucky Power's revised proposed regulatory asset for Mitchell Plant ELG compliance project costs incurred through June 2021 to include the impact of the AJE on indirect construction overhead costs after the completion of the September 2021 accounting close process. The proposed regulatory asset is \$1,446,998.35, which is \$23,451.18 less than provided in the Company's initial response.

Witness: Heather M. Whitney



Whitney Verification_Oct 14 2021.docx

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E-Signature Summary

E-Signature 1: Heather M. Whitney (HMW)

October 14, 2021 11:20:16 -8:00 [82050A84600E] [167.239.221.104]
 hmwhitney@aep.com (Principal) (Personally Known)

E-Signature Notary: S. Smithhisler (SRS)

October 14, 2021 11:20:16 -8:00 [C72B025419B2] [161.235.221.107]
 srsmithhisler@aep.com
 I, S. Smithhisler, did witness the participants named above electronically sign this document.



VERIFICATION

The undersigned, Heather M. Whitney, being duly sworn, deposes and says she is the Director in Regulatory Accounting Services for American Electric Power Service Corporation, that she 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 her information, knowledge and belief after reasonable inquiry.

Heather M. Whitney

Heather M. Whitney

STATE OF OHIO

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) 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

Heather M. Whitney, on 10/14/2021.



S. Smithhisler

Notary Public

Notarial act performed by audio-visual communication

Notary ID Number: 2019-RE-775042

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