

Kentucky Power Company  
KPSC Case No. 2021-00004  
Commission Staff's Third Rehearing Data Requests  
Dated October 15, 2021  
Page 1 of 2

**DATA REQUEST**

- KPSC\_RH\_3\_1** Refer to Kentucky Power's Response to Commission Staff's Second Rehearing Request for Information (Staff's Second Rehearing Request), Item 1, Attachment 1.
- a. Confirm that amounts listed are not included in Kentucky Power's base rates as established in Case No. 2020-00174.2 If this cannot be confirmed, identify those amounts included in base rates explain why they are appropriate for regulatory asset treatment.
  - b. Refer to lines 2–4. Explain why these cost components are not allocated approximately evenly between Kentucky Power and Wheeling Power Company.
  - c. Refer to lines 4–16, 19–24, and 26–30. Explain why these cost components were not incurred in 2019.
  - d. Refer to lines 8–9, 11, and 13–16. Explain whether these cost components relate to expenses removed from Kentucky Power's base rates in Case No. 2020-00174. If so, explain why these cost components are appropriate for regulatory asset treatment.
  - e. Refer also to Kentucky Power's Response to Staff's Second Rehearing Request, Item 3(b).
    - (1) Provide the Federal Energy Regulatory Commission expense account that each cost component would be charged to but for their inclusion in construction work in progress.
    - (2) For each of the past five calendar years, provide the annual costs recorded by Kentucky Power in each account listed.

**RESPONSE**

a. Return **of** the \$1,446,998.35 construction work in progress (CWIP) balance recorded in FERC Account 107 (KPCO\_SR\_KPSC\_RH\_2\_1\_Attachment1, line 32) **is not** included in the Kentucky Power's base rates as established in Case No. 2020-00174.

A pre-tax return **on** the March 31, 2020 CWIP balance **is** included in the Kentucky Power's base rates established in Case No. 2020-00174, as calculated below:

\$824,772.15      Kentucky Power Total Company per Books – FERC Account 107  
Mitchell Plant ELG Project Cost as of 3/31/20

0.985                      PDAF – Production Demand Allocator Case No. 2020-00174  
\$812,400.57              KY PSC JURIS ONLY

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0.0762 Pre-Tax Weighted Average Cost of Capital Case No. 2020-00174  
\$61,904.92 Kentucky Power Pre-tax Return on FERC Account 107 Mitchell Plant  
ELG Project Cost as of 3/31/20, Included in Base Rates Established in Case No. 2020-  
00174.

Should the KPSC authorize a weighted average cost of capital carrying charge as requested and supported by the Company, Kentucky Power will exclude the \$61,904.92 in annual carrying charges being collected through base rates from the regulatory asset deferral. **Recovery will not be duplicated.**

b. Kentucky Power and WPCo AFUDC rates are separately developed using the formula and elements for the computation of AFUDC as contained in FERC's Electric Plant Instruction No. 3, Components of Construction Cost, Item No. 17, of the Uniform System of Accounts.

c. Project activities occurring in 2019 were technology feasibility studies, evaluation of risk balanced technical options, conceptual engineering, and permitting, which caused Kentucky Power to incur contract labor, outside services, and AEPSC billings, along with related AFUDC and construction overhead charges. 2019 project activities did not cause Kentucky Power to incur internal labor and labor-related loading charges.

d. There were no CWIP disallowances in Case No. 2020-00174. The Commission authorized an adjustment to remove outstanding accounts payable from CWIP included in computation of the revenue requirement; however, that adjustment was not representative of a CWIP disallowance.

e. (1) Prior period capitalization of costs to Account 107, CWIP, was appropriate under the FERC Uniform System of Accounts and Generally Accepted Accounting Principles; therefore, there is no relevant expense account to identify.

(2) See response to (1) above.

Witness: Brian D. Sherrick [subpart c]

Witness: Heather M. Whitney [subparts a, b, d, and e]

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**DATA REQUEST**

**KPSC\_RH\_3\_2** Refer to Kentucky Power's Response to Staff's Second Rehearing Request, Item 3(a). Explain why a statute qualifies as a statutory or administrative directive.

**RESPONSE**

Staff indicated the question did not require a response.

Prepared by Counsel



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#### E-Signature Summary

**E-Signature 1: Brian D. Sherrick (BDS)**

October 27, 2021 08:07:06 -8:00 [22F47DF1779C] [167.239.221.102]  
bdsherrick@aep.com (Principal) (Personally Known)

**E-Signature Notary: S. Smithhisler (SRS)**

October 27, 2021 08:07:06 -8:00 [5F2CBCD54EEB] [161.235.221.103]  
srsmithhisler@aep.com

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



VERIFICATION

The undersigned, Brian D. Sherrick, being duly sworn, deposes and says he is the Managing Director of Projects 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.

Brian D. Sherrick

\_\_\_\_\_  
Brian D. Sherrick

STATE OF OHIO

)

) Case No. 2021-00004

COUNTY OF FRANKLIN

)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Brian

D. Sherrick, on 10/27/2021 \_\_\_\_\_.



*S. Smithhisler*

\_\_\_\_\_  
Notary Public

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### Whitney Verification\_Oct 2021.docx

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#### E-Signature Summary

**E-Signature 1: Heather M. Whitney (HMW)**  
October 27, 2021 08:23:10 -8:00 [D9D44A1AEDC3] [167.239.221.107]  
hmwhitney@aep.com (Principal) (Personally Known)

**E-Signature Notary: S. Smithhisler (SRS)**  
October 27, 2021 08:23:10 -8:00 [4AF4F1287A97] [161.235.221.103]  
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

)

) Case No. 2021-00004

COUNTY OF FRANKLIN

)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by

Heather M. Whitney, on 10/27/2021



Notarial act performed by audio-visual communication

S Smithhisler

Notary Public

Notary ID Number: 2019-RE-775042

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