

Kentucky Power Company  
KPSC Case No. 2021-00004  
Sierra Club's Second Set of Rehearing Data Requests  
Dated October 18, 2021  
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**DATA REQUEST**

- SC\_RH\_2\_1** Refer to KPC's October 15, 2021, Supplemental Response to Staff's Second Rehearing Data Requests, including Attachment 1 thereto.
- a. Please confirm the amount of Kentucky jurisdictional Mitchell ELG costs that the Company is asking the Commission to find prudent and is seeking to recover from ratepayers through a regulatory asset.
- i. Please explain the \$1.903M figure in the Company's Motion for Rehearing (at 1) and the \$1,446,998.35 figure in the Company's October 15, 2021, Supplemental Response.
- b. Please identify which specific line item(s) from Attachment 1 are/is associated with the following tasks/activities:
- i. project initiation
  - ii. technology feasibility studies
  - iii. evaluation of risk balanced technical options
  - iv. conceptual engineering
  - v. permitting
  - vi. site investigations
  - vii. surveying
  - viii. verifying as-built conditions
  - ix. geotechnical investigations
  - x. other tasks, if any, specifically necessary to establish the scope, schedule, and budget for the ELG project
1. Please describe any such other tasks and explain how those items were necessary for the scoping, scheduling, and budgeting of the ELG project.
- c. Please expound in greater detail the following line items of Attachment 1, the spreadsheet of Mitchell Plant ELG Project Cost Components.
- i. Line 1, "Construction/Retirement Ovhd's"
  - ii. Line 18, "Professional Svcs Exp Gen"
  - iii. Line 19, "Legal Services And Expenses"
  - iv. Line 25, "AEPSC Bill"
1. Please explain the parameters of the kinds of services performed by AEP for which KPC must distinctly pay AEP, as distinguished from the kinds of services performed that AEP routinely performs for KPC without seeking or expecting distinct compensation in discrete transactions. Put another way, please identify generally what services, by AEP for KPC, essentially 'go with the territory' of the parent-subsidiary company relationship, versus those that AEP and KPC

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- consider extraordinary and must be specially compensated; and discuss the guiding principles by which KPC draws that line.
- d. For each line item in Attachment 1, please indicate whether the identified cost was:
- i. for services performed by persons/entities who are external to KPC and AEP, in which case please also identify such external persons/entities;
  - ii. the value of services performed by in-house KPC or AEP employees, in which case please also indicate whether performing these services was within the scope of these employees' job description, and whether the employees were paid extra, beyond their normal salary, for rendering such services;
  - iii. other, in which case please explain the nature of the costs; or
  - iv. some combination of (i), (ii), and/or (iii), in which case please explain.
- e. For any services performed by external persons/entities as identified above in response to 1-d-i, please discuss whether such services could have been performed competently by in-house KPC or AEP employees; and if so, why the Company chose to contract externally for the services.

**RESPONSE**

- a. Please see KPCO\_SR\_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 of \$1,446,998.35. 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 requested regulatory asset of \$1,446,998.35 is less than the \$1.903M figure in the Company's August 2, 2021 Motion for Rehearing, primarily due to the AJE posted in late September 2021. The remaining difference is due to exclusion of June 2021 accrued accounts payable (cost components 9AA and 9AB in Line Nos. 29 and 30 of KPCO\_SR\_KPSC\_RH\_2\_1\_Attachment1) from the request amount.

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b. Activities “i” – “ix” were performed during project initiation, business planning and screening, scope selection, and preliminary engineering primarily by the Company, AEPSC, and the Architect Engineer (Worley). Company records do not exist at this level for most of the tasks/activities identified in the request. Contractors performed surveying for \$41,117 (vii) and geotechnical investigations for \$3,609 (ix) as part of Line 18.

c. i.-iv. Please refer to the table below for the requested information:

| <b>Construction/Retirement Ovhd</b> | <b>Cost Component</b> | <b>Purpose &amp; Use of Cost Component</b>  |
|-------------------------------------|-----------------------|---|
| Construction/Retirement Ovhd        | 020                   | Cost component is associated with the allocation of construction and retirement overheads.  |
| Professional Svcs Exp Gen           | 260                   | Cost component covers professional services primarily relating to advertising, bill collecting, appraisals, and other services.   |
| Legal Services And Expenses         | 262                   | Charges for services pertaining to expenses from attorneys and legal firms.   |
| AEPSC Bill                          | 780                   | This cost component is to be used by the mechanical journal entry that is generated for posting on the client companies' books AEPSC costs that are billed to client companies. |

c.iv.1. AEPSC Bill (Cost Component 780) amounts reflected in KPCO\_SR\_KPSC\_RH\_2\_1\_Attachment1 represent costs associated with AEPSC employees working on the ELG project.

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| Vendor                             | Line No/Cost Component |
|------------------------------------|------------------------|
| Administrative Controls Management | 17/210                 |
| Aerotek, Inc.                      | 17/210                 |
| Sun Technical                      | 17/210                 |
| Amanda Graphics                    | 18/260                 |
| DLZ Industrial                     | 18/260                 |
| Stites & Harbison                  | 19/262                 |
| Thrasher Group                     | 18/260                 |
| United Construction Co. Inc        | 17/210                 |
| Worley Group                       | 18/260                 |

ii. Please see KPCO\_SR\_KPSC\_RH\_2\_1\_Attachment1, Lines 5-16, 20, 23, 24, 27, and 28 for Kentucky Power's internal labor and subsequent costs and Line 25 for AEPSC costs. These services were within Kentucky Power's and AEPSC's job responsibilities and normal salary.

iii. Not applicable.

iv. Please see the Company's response to subpart b.

e. Kentucky Power and AEPSC make resource decisions based on the best value for Kentucky Power's customers. External parties are used when it is more expensive to acquire, train, and/or maintain services internally versus acquiring, monitoring, and controlling the services as needed through external parties.

Witness: Brian D. Sherrick [subparts b,d, and e]

Witness: Heather M. Whitney [subparts a and c]



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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

Notarial act performed by audio-visual communication

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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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