# Kentucky Power Company KPSC Case No. 2021-00004 Sierra Club's Second Set of Rehearing Data Requests Dated October 18, 2021 Page 1 of 4

### **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 Ovhds"
- 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:

Construction/Retirement Ovhds	Cost Component	Purpose & Use of Cost Component
Construction/Retirement Ovhds	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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di.

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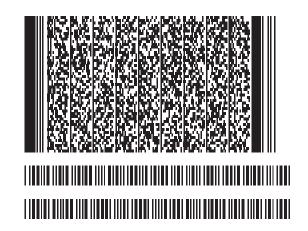
### E-Signature 1: Brian D. Sherrick (BDS)

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

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### **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	) )	
COUNTY OF FRANKLIN	) Case No. 2021-00004 )	

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

10/27/2021 D. Sherrick, on



Notarial act performed by audio-visual communication

S Smithale **Notary Public** 

Notary ID Number: 2019-RE-775042





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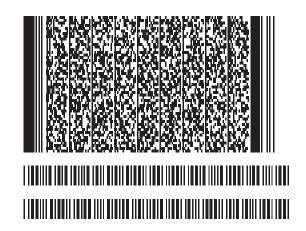
### E-Signature 1: Heather M. Whitney (HMW)

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.



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### **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	) Cose No. 2021 00004	
COUNTY OF FRANKLIN	) Case No. 2021-00004 )	

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

Heather M. Whitney, on



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S Smitthaler

**Notary Public** 

Notary ID Number: 2019-RE-775042