

Kentucky Power Company
KPSC Case No. 2021-00053
Commission Staff's First Set of Data Requests
Dated March 4, 2021

DATA REQUEST

KPSC 1_20 State whether Kentucky Power is aware of any violations of 807 KAR 5:056 that occurred prior to or during the last six months of the period under review.

RESPONSE

The Company is not aware of any violations.

May 7, 2021 Supplemental Response.

The Company is not aware of any violations. *See* Kentucky Power's May 7 Supplemental Response to KPSC 1_21 for an amendment to the Company's filed Barge Transportation Agreement. The amendment does not affect Kentucky Power's rights and obligations under the agreement.

Kentucky Power also is filing its August 1, 2013 Rail Car Maintenance Agreement with AEP Generating Company for railroad hopper car maintenance services to be provided by AEP Generating Company to the counterparties including Kentucky Power.

Kentucky Power does not own or lease railroad hopper cars. It entered into the agreement in the event it were to do so in the future. Further, Kentucky Power does not receive coal at its Mitchell Generating Station, the Company's only coal-fired plant, by rail car. Kentucky Power nevertheless is filing the agreement with the Commission in the event it were at some time in the future take service under it.

Amendment 1 to the Rail Car Maintenance Agreement does not affect Kentucky Power's rights and obligations under the agreement.

Witness: Brian K. West

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DATA REQUEST

KPSC 1_21 State whether all fuel contracts related to commodity and transportation have been filed with the Commission. If any contracts have not been filed, explain why they have not been filed and provide a copy.

RESPONSE

All contracts have been filed with the Commission.

May 7, 2021 Supplemental Response.

Kentucky Power determined on May 4, 2021 as part of its ongoing review of its fuel adjustment clause filings that it overlooked a transportation-related agreement and two amendments to transportation-related agreements. None of the agreements affect the Company or the costs it recovers through its fuel adjustment clause:

(a) May 9, 2019 Amendment No. 2 to the Barge Transportation Agreement. Amendment No. 2 related only to Appalachian Power Company and did not affect Kentucky Power's rights and obligations under the Barge Transportation Agreement. It nevertheless is being filed so that the public record will reflect the entire agreement.

A copy of May 9, 2019 Amendment No. 2 to the Barge Transportation Agreement is filed as Supplemental_Response_Attachment1. A copy of the amendment also has been uploaded to the Commission's website.

(b) The August 1, 2013 Rail Car Maintenance Agreement relates to railroad hopper car maintenance services to be provided by AEP Generating Company to the agreement counterparties including Kentucky Power. Kentucky Power does not own or lease railroad hopper cars. Further, Kentucky Power does not receive coal at its Mitchell Generating Station, the Company's only coal-fired plant, by rail car.

Kentucky Power is filing the agreement in the event it were to take service under the Rail Car Maintenance Agreement and were to receive coal at the Mitchell Generating Station through Company-owned or leased hopper cars.

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A copy of August 1, 2013 Rail Car Maintenance Agreement is filed as Supplemental Response Attachment2. A copy of the amendment also has been uploaded to the Commission's website.

(c) May 9, 2019 Amendment No. 1 to the Rail Car Maintenance Agreement. Amendment No. 2 related only to Appalachian Power Company and did not affect Kentucky Power's rights and obligations under the Rail Car Maintenance Agreement. It nevertheless is being filed so that the public record will reflect the entire agreement.

A copy of May 9, 2019 Amendment No. 2 to the Rail Car Maintenance Agreement is filed as Supplemental Response Attachment3. A copy of the amendment also has been uploaded to the Commission's website.

Witness: Brian K. West

AMENDMENT NO. 2
TO
BARGE TRANSPORTATION AGREEMENT

THIS AMENDMENT NO. 2 TO the BARGE TRANSPORTATION AGREEMENT (this "Amendment 2") is entered into by and between **Appalachian Power Company ("APCo")**, **Ohio Power Company ("OPCo")**, **Kentucky Power Company ("KPCo")**, and **AEP Generating Company ("AEPGC")** (collectively, the "Shippers") and **Indian Michigan Power Company ("I&M")** (collectively with the Shippers, the "Parties"), effective as of May 9, 2019. All capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Agreement (as defined below).

RECITALS

- A. **WHEREAS**, the Parties entered into that certain Barge Transportation Agreement (the "Agreement") dated May 1, 1986, pursuant to which I&M agreed to transport coal on the Kanawha and Ohio Rivers, and other navigable waterways, to coal-fired steam electric generating stations of APCo, OPCo, AEPGC, and I&M subject to the terms and conditions therein.
- B. **WHEREAS**, the Parties entered into that certain amendment to the Agreement ("Amendment 1") dated September 12, 2013, pursuant to which, among other things, KPCo became a party to the Agreement.
- C. **WHEREAS**, the Parties have agreed to amend Amendment 1, for the purpose of eliminating the automatic termination provision specific to APCo and thereby confirm that the Agreement remains effective as to APCo, subject to any governmental regulatory approval required for its continued participation in this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements contained in this Amendment 2 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned agree as follows:

Amendment 1 shall be amended as follows:

1. Paragraph 7 is hereby deleted in its entirety and restated as follows:

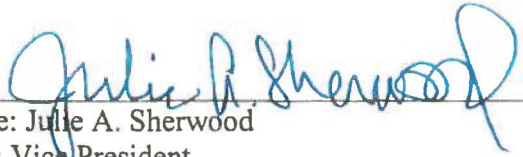
This Amendment No. 1 shall not become effective as to APCo until such time, if ever, that it has obtained all governmental regulatory approvals necessary to participate in this Agreement. This provision shall not affect the obligations of any other party hereto.

2. The terms of the Agreement and Amendment 1 remain in full force and effect except as modified herein.

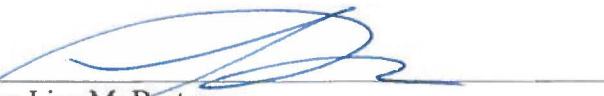
3. Miscellaneous. This Amendment 2, together with the Agreement and Amendment 1, constitutes the entire agreement concerning the subject matter hereof and all prior or contemporaneous understandings, oral representations or agreements had among the Parties with respect to the subject matter hereof are merged in, and are contained in this Amendment 2. This Amendment 2 shall inure to the benefit of and shall be binding upon the Parties hereto and their respective heirs, successors and assigns. This Amendment 2 may be executed in one or more counterparts delivered electronically, each of which shall constitute an original and together one and the same instrument. Each party executing this Amendment 2 represents that such party has full authority and legal power to do so.

Executed and delivered under seal as of the day and year first above written.

AEP GENERATING COMPANY:

By: 
Name: Julie A. Sherwood
Title: Vice President

OHIO POWER COMPANY:

By: 
Name: Lisa M. Barton
Title: Vice President


INDIANA MICHIGAN POWER COMPANY:

By: 
Name: Lisa M. Barton
Title: Vice President

KENTUCKY POWER COMPANY:

By: 
Name: Lisa M. Barton
Title: Vice President

APPALACHIAN POWER COMPANY:

By: 
Name: Lisa M. Barton
Title: Vice President

RAIL CAR MAINTENANCE AGREEMENT

This Rail Car Maintenance Agreement (this "Agreement") is entered into by and among **AEP Generating Company** ("Provider"), **Ohio Power Company** ("OPCo"), **Indiana Michigan Power Company** ("I&M"), **Kentucky Power Company** ("KPCo"), **Appalachian Power Company** ("APCo"), **Public Service Company of Oklahoma** ("PSO") and **Southwestern Electric Power Company** ("SWEPCO") effective on the 1st day of August, 2013 (the "Effective Date"). OPCo, I&M, KPCo, APCo, PSO and SWEPCO may also be referred to herein individually as a "Rail Car Owner" or collectively as the "Rail Car Owners."

RECITALS

WHEREAS, Provider is the lessee and operator of the Cook Coal Terminal, a coal transfer facility located on the Ohio River near Metropolis, Illinois that is capable of unloading coal in bulk from unit trains and transferring it to, and loading it upon, barges for transportation by water (the "Terminal").

WHEREAS, OPCo, I&M, and APCo each own or lease certain open hopper railroad cars ("AEP Cars") that deliver coal to the Terminal for unloading and reloading by Provider onto barges pursuant to that certain Cook Coal Terminal Transfer Agreement entered into by and among Provider, OPCo, I&M, KPCo and APCo contemporaneously with the execution of this Agreement.

WHEREAS, PSO and SWEPCO each own or lease AEP Cars that deliver coal to coal-fired generating plants owned and operated by them.

WHEREAS, KPCo may own or lease AEP Cars in the future.

WHEREAS, Provider owns and operates a rail car maintenance facility at the Terminal that it uses to maintain and repair railroad hopper cars transporting coal to the Terminal (the "RCMF").

WHEREAS, it is desirable and economical for the Railcar Owners' AEP Cars to receive routine maintenance and repairs at the RCMF.

WHEREAS, OPCo previously was the lessee and operator of the Terminal and provided rail car maintenance services to APCo and I&M pursuant to that certain Railcar Maintenance Agreement dated April 1, 1982 which they now desire to terminate.

WHEREAS, OPCo, I&M, KPCo, APCo, PSO and SWEPCO desire to have Provider perform such routine preventive and other maintenance on their AEP Cars on the terms and conditions as herein set forth.

NOW, THEREFORE, in consideration of the covenants and agreements of the parties hereto as herein stated, the parties hereby agree as follows:

1. Rail Car Maintenance Services. Provider will inspect and perform maintenance and repair services on the Rail Car Owners' AEP Cars as they arrive at the Terminal, including routine inspection and repair work that may be performed on AEPX Cars while in transit through the Terminal and major repairs that are required to be made using the RCMF (herein, the "Rail Car Maintenance Services"). The Rail Car Maintenance Services will be performed by Provider without further specific instructions from the Rail Car Owners and it will be done under the supervision of Provider personnel and such other personnel as Provider may, in its discretion, elect to employ for such purpose. The determination by Provider as to the need for and types of Rail Car Maintenance Services to be performed shall be conclusive. Provider shall perform the Rail Car Maintenance Services (i) in an expeditious and non-discriminatory manner given the capacity of its existing facilities, the size of its workforce and the availability of parts and (ii) in accordance with rules and regulations of the Federal Railroad Administration and the American Association of Railroads. Provider may, but is not obligated to, employ resources or personnel supplied by non-affiliated parties to assist it in the performance of the Rail Car Services.

2. Rail Car Maintenance Services Fees.

a. Fees. The fees for Rail Car Maintenance Services shall consist of the sum of (i) all direct materials and supplies used by Provider in performing the Rail Car Maintenance Services using Provider's standard inventory allocation procedures applied on a consistent basis, (ii) Provider's fully loaded cost to perform the Rail Car Maintenance Services including labor, all overhead (including but not limited to depreciation, rentals, administration expenses, taxes other than income taxes, and insurance, (iii) an after tax carrying charge on Providers invested capital in the RCMF equal to the I&M return on equity then in effect as determined by the Indiana Utility

Regulatory Commission (currently 10.2%) from time to time (the "I&M ROE"), including an adder for income taxes at the prevailing statutory rate applied to Provider's investment in the RCMF and (iv) the amounts charged by railroad carriers for maintenance and repairs they perform on the Rail Car Users' AEP Cars.

b. Invoices. Provider shall invoice each Rail Car Owner at the end of each month for Rail Car Maintenance Services provided during such month. Each Rail Car Owner shall pay the invoiced Rail Car Maintenance Services within ten (10) days following receipt of each invoice. Invoices to each Rail Car Owner shall be based on monthly cost accumulations following Provider's standard valuation procedures applied on a consistent basis, and an allocation of all other costs to AEP Cars based on the ratio of tons of coal delivered to the Cook Coal Terminal for Rail Car Owners or delivered to power plants operated by PSO or SWEPCO as applicable.

3. Accounting and Auditing. Provider shall keep and maintain such books and records as are necessary to support the charges for Rail Car Maintenance Services in sufficient detail to satisfy applicable regulatory requirements (the "Records"). Provider shall provide Rail Car Owners access to the Records at all reasonable times. Provider shall maintain the Records in accordance with good record management practices.

4. Termination.

a. This Agreement shall automatically terminate as to OPCo effective on January 1, 2014 without any further action by OPCo. Notwithstanding the preceding sentence, OPCo may revoke such automatic termination by written notice to Provider at any time in prior to January 1, 2014.

b. A Rail Car Owner may withdraw from this Agreement upon thirty (30) days written notice to Provider.

c. Provider may terminate this Agreement upon sixty (60) days written notice to the Rail Car Owners.

d. The performance of the obligations of each party shall be subject to the continued effectiveness of all governmental regulatory authorizations necessary to permit such party to perform its duties and obligations hereunder. In the event that such authorization is revoked or withdrawn, then this Agreement shall cease to be effective as to such party; provided,

however, that such ineffectiveness shall not affect the obligations of any other party hereto unless the affected party is the Provider in which case this Agreement shall terminate.

e. If this Agreement becomes effective as to APCO pursuant to paragraph number 6, it shall terminate as to APCo on the fifth anniversary of its receipt any regulatory approvals required to participate in this Agreement.

5. Termination of April 1, 1982 Railcar Maintenance Agreement. The April 1, 1982 Railcar Maintenance Agreement by and among OPCO, APCo and I&M shall be deemed terminated contemporaneously upon the effectiveness of this Agreement.

6. APCO Delayed Effectiveness. This Agreement shall not become effective or binding as to APCo until such time, if ever, that it has obtained all governmental regulatory approvals necessary to participate in this Agreement. This provision shall not affect the obligations of any other party hereto.

7. I&M Delayed Effectiveness. Pursuant to IC 8-1-2-49(g), this Agreement shall not become effective as to I&M until it has been filed with the Indiana Utility Regulatory Commission.

8. Counterparts. This Agreement may be executed in any number of counterparts, and each such executed counterpart (including electronically transmitted counterparts) shall be, and shall be deemed to be, an original, but all of which shall constitute, and shall be deemed to constitute, in the aggregate, but one and the same instrument.

9. Entire Agreement. This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof, supersedes and is in full substitution for any and all prior agreements and understandings among them relating to such subject matter, and no party hereto shall be liable or bound to any other party hereto in any manner with respect to such subject matter by any warranties, representations, indemnities, covenants, or agreements except as specifically set forth herein and therein.

Signatures appear on the following page

Executed as of the Effective Date.

AEP GENERATING COMPANY

By: 
Timothy K. Light, Vice President


RGR

APPALACHIAN POWER COMPANY

By: 
Timothy K. Light, Vice President

RGR

OHIO POWER COMPANY

By: 
Timothy K. Light, Vice President

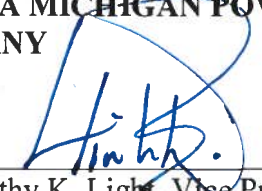
RGR

KENTUCKY POWER COMPANY

By: 
Timothy K. Light, Vice President

RGR

INDIANA MICHIGAN POWER COMPANY

By: 
Timothy K. Light, Vice President

RGR

PUBLIC SERVICE COMPANY OF OKLAHOMA

By: 
Timothy K. Light, Vice President

RGR

SOUTHWESTERN ELECTRIC POWER COMPANY

By: 
Timothy K. Light, Vice President

RGR

AMENDMENT NO. 1
TO
RAIL CAR MAINTENANCE AGREEMENT

THIS AMENDMENT NO. 1 TO the RAIL CAR MAINTENANCE AGREEMENT (this "Amendment") is entered into by and between **AEP Generating Company ("Provider")**, **Indiana Michigan Power Company ("I&M")**, **Kentucky Power Company ("KPCo")**, **Appalachian Power Company ("APCo")**, **Public Service Company of Oklahoma ("PSO")**, and **Southwestern Electric Power Company ("SWEPCO,"** collectively, the "**Parties**") effective as of May 9, 2019. All capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Agreement (as defined below).

RECITALS

- A. **WHEREAS**, the Parties entered into that certain Rail Car Maintenance Agreement (the "**Agreement**") dated August 1, 2013, pursuant to which Provider agreed to provide certain routine and preventative maintenance on the rail cars of I&M, KPCo, APCo, PSO, and SWEPCO, subject to the terms and conditions therein.
- B. **WHEREAS**, the Parties have agreed to amend the Agreement for the purpose of eliminating the automatic termination provision specific to APCo and thereby confirm that the Agreement remains effective as to APCo, subject to any governmental regulatory approval required for its continued participation in this Agreement.


NOW, THEREFORE, in consideration of the mutual agreements contained in this Amendment and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned agree as follows:

The Agreement shall be amended as follows:


1. Paragraph 4(e) is hereby deleted in its entirety.
2. The terms of the Agreement remain in full force and effect except as modified herein.
3. Miscellaneous. This Amendment, together with the Agreement, constitutes the entire agreement concerning the subject matter hereof and all prior or contemporaneous understandings, oral representations or agreements had among the Parties with respect to the subject matter hereof are merged in, and are contained in this Amendment. This Amendment shall inure to the benefit of and shall be binding upon the Parties hereto and their respective heirs, successors and assigns. This Amendment may be executed in one or more counterparts delivered electronically, each of which shall constitute an original and together one and the same instrument. Each party executing this Amendment represents that such party has full authority and legal power to do so.

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AEP GENERATING COMPANY:

By: 
Name: Julie A. Sherwood
Title: Vice President


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By: 
Name: Lisa M. Barton
Title: Vice President

KENTUCKY POWER COMPANY:

By: 
Name: Lisa M. Barton
Title: Vice President


APPALACHIAN POWER COMPANY:

By: 
Name: Lisa M. Barton
Title: Vice President

PUBLIC SERVICE COMPANY OF OKLAHOMA:

By: 
Name: Lisa M. Barton
Title: Vice President

SOUTHWESTERN ELECTRIC POWER COMPANY:

By: 
Name: Lisa M. Barton
Title: Vice President

VERIFICATION

The undersigned, Brian K. West, being duly sworn, deposes and says he is Vice President, Regulatory & Finance for Kentucky Power Company, that he has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of his information, knowledge, and belief.



Brian K. West

State of Indiana)
) ss Case No. 2021-00053
County of Allen)

Subscribed and sworn to before me, a Notary Public, in and for said County and State, Brian K. West this 5th day of May, 2021.

Regiana M.
Sistevaris

Digitally signed by Regiana
M. Sistevaris
Date: 2021.05.05 10:58:50
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Regiana M. Sistevaris, Notary Public

My Commission Expires: January 7, 2023