

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

The Electronic Application Of Kentucky Power)	
Company For Approval Of Affiliate Agreements)	Case No. 2021-00421
Related To The Mitchell Generating Station)	

**Kentucky Power Company’s Initial Data Requests to
Kentucky Industrial Utility Customers, Inc. and the Attorney General**

Pursuant to the Commission’s Order dated December 3, 2021, Kentucky Power Company propounds the following data requests to be answered by Kentucky Industrial Utility Customers, Inc. and the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (collectively “AG-KIUC”):

DEFINITIONS

- “Document” means the original and all copies (regardless of origin and whether or not including additional writing thereon or attached thereto) of memoranda, reports, books, manuals, instructions, directives, records, forms, notes, letters, notices, confirmations, telegrams, pamphlets, notations of any sort concerning conversations, telephone calls, meetings or other communications, bulletins, transcripts, diaries, analyses, summaries, correspondence investigations, questionnaires, surveys, worksheets, and all drafts, preliminary versions, alterations, modifications, revisions, changes, amendments and written comments concerning the foregoing, in whatever form, stored or contained in or on whatever medium, including computerized memory or magnetic media.
- “Study” means any written, recorded, transcribed, taped, filmed, or graphic matter, however produced or reproduced, either formally or informally, a particular issue or situation, in whatever detail, whether or not the consideration of the issue or situation is in a preliminary stage, and whether or not the consideration was discontinued prior to completion.
- “Person” means any natural person, corporation, professional corporation, partnership, association, joint venture, proprietorship, firm, or the other business enterprise or legal entity.
- A request to identify a natural person means to state his or her full name and residence address, his or her present last known position and business affiliation at the time in question.

- A request to identify a document means to state the date or dates, author or originator, subject matter, all addressees and recipients, type of document (e.g., letter, memorandum, telegram, chart, etc.), number of code number thereof or other means of identifying it, and its present location and custodian. If any such document was, but is no longer in KIUC or the Attorney General’s possession or subject to its control, state what disposition was made of it.
- A request to identify a person other than a natural person means to state its full name, the address of its principal office, and the type of entity.
- “Identify” used in a fashion other than as described above means to provide in detail, including all assumptions, bases, facts considered, and rationale if not called for in another part of the data request, the requested information.
- “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.
- “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.
- Words in the past tense should be considered to include the present, and words in the present tense include the past, unless specifically stated otherwise.
- “You” or “your” means the person whose filed testimony is the subject of these interrogatories and, to the extent relevant and necessary to provide full and complete answers to any request, “you” or “your” may be deemed to include any person with information relevant to any interrogatory who is or was employed by or otherwise associated with the witness or who assisted, in any way, in the preparation of the witness’ testimony.
- “PJM” means PJM Interconnection.
- “Company” means Kentucky Power Company.
- “AEP” means American Electric Power Company, Inc.

INSTRUCTIONS

1. If any matter is evidenced by, referenced to, reflected by, represented by, or recorded in any document, please identify and produce for discovery and inspection each such document.
2. These interrogatories are continuing in nature, and, without regard to the date created or obtained, information which the responding party later becomes aware of, or has access to, and which is responsive to any request is to be made available to Kentucky Power. Any studies, evaluations, analyses, documents, or other subject matter not yet completed that will be relied upon during the course of this case should be so identified and provided as soon as they are completed. The respondent is obliged to change, supplement and correct all answers to interrogatories to conform to available information, including such information as it first becomes available to the respondent after the answers hereto are served.
3. Unless otherwise expressly provided, each interrogatory should be construed independently and not with reference to any other interrogatory herein for purpose of limitation.
4. The answers provided should first restate the question asked and also identify the person(s) supplying the information.
5. Please answer each designated part of each information request separately. If you do not have complete information with respect to any interrogatory, so state and give as much information as you do have with respect to the matter inquired about, and identify each person whom you believe may have additional information with respect thereto.
6. In the case of multiple witnesses, each interrogatory should be considered to apply to each witness who will testify to the information requested. Where copies of testimony, transcripts or depositions are requested, each witness should respond individually to the information request.
7. The interrogatories are to be answered under oath by the witness(es) responsible for the answer.
8. Please furnish any non-disclosure or other required for disclosure of any information or response for which confidential treatment provided.

DATA REQUESTS

1. Provide all schedules, tables, and charts, if any, included in the testimony and exhibits to the testimony of Lane Kollen in electronic format, with formulas intact and visible, and no pasted values.
2. Provide all workpapers, source documents, and electronic spreadsheets used in the development of Mr. Kollen's testimony. The requested information, if so available,

should be provided in an electronic format, with formulas intact and visible, and no pasted values.

3. Please provide examples of any sale of a generating asset between two unaffiliated parties that Mr. Kollen is aware of that utilized net book value as the valuation methodology, including the commission order that authorized and approved such a sale.
4. Please provide a copy of any testimony Mr. Kollen has given regarding the sale of a generating asset between two or more unaffiliated parties.
5. Please provide a copy of any testimony Mr. Kollen has given regarding ownership, operating, or similar agreements regarding joint ownership/operations of a generating asset between two or more unaffiliated parties.
6. Please provide a copy of any testimony Mr. Kollen has given regarding the retirement of a generating asset.
7. Please provide a copy of any testimony Mr. Kollen has given regarding an owner of an asset retiring its interest in that asset, as Kentucky Power must with regard to the Mitchell Plant here.
8. Please identify by case style any case that Mr. Kollen is aware of concerning one or more generating assets jointly owned by unaffiliated parties regulated by different state commissions, where the commissions issued orders that result in different retirement dates for the same asset.
9. Please provide Mr. Kollen's calculation of the estimated \$28.8 million abandonment loss savings resulting from retiring the Mitchell Plant in 2028. The requested information should be provided in an electronic format, with formulas intact and visible, and no pasted values.
10. Confirm whether Mr. Kollen is aware of any asset(s) with retirement dates that are not the same in two or more jurisdictions. If he is, please identify each asset, the owner(s) of the asset(s), and the commissions having jurisdiction over the asset(s).
11. Please confirm that current depreciation rates for the Mitchell Plant use a 2040 retirement date. If your answer is anything other than an unqualified confirmation, please provide in detail the facts supporting the failure to confirm the statement unequivocally.
12. Please confirm that the Commission in its July 15, 2021 Order in Case No. 2021-00004 denied a CPCN for ELG upgrades at the Mitchell Plant for Kentucky Power. If your answer is anything other than an unqualified confirmation, please provide in detail the facts supporting the failure to confirm the statement unequivocally.
13. Please confirm that the currently-approved depreciation rates for the Mitchell Plant include a component for interim removal. If your answer is anything other than an unqualified confirmation, please provide any testimony, estimates, calculations, or other

source demonstrating where the Company excluded interim removal costs from its current calculation of depreciation rates.

14. Please confirm that final non-ARO decommissioning costs are typically included in the calculation of depreciation rates for a generating asset. If your answer is anything other than an unqualified confirmation, please provide in detail the facts supporting the failure to confirm the statement unequivocally.
15. Please confirm that regular depreciation studies should be performed by the Company to account for changes in plant balances, useful lives, and other changes which may impact the rate to be updated. If your answer is anything other than an unqualified confirmation, please provide in detail the facts supporting the failure to confirm the statement unequivocally.
16. Please confirm that it is appropriate to calculate depreciation rates for regulatory purposes to fully depreciate an asset and its cost of removal over the useful life of the asset and while the asset continues to provide service to customers. If your answer is anything other than an unqualified confirmation, please provide in detail the facts supporting the failure to confirm the statement unequivocally.
17. Please state whether Kentucky Power should have the option to receive energy and capacity from the Mitchell Plant beyond December 31, 2028 in light of the Commission's orders in Case No. 2021-00004.
18. Please state whether Kentucky Power should have the option to receive energy and capacity from the Mitchell Plant beyond December 31, 2028 in light of the fact that it will not have paid for the ELG investment that will allow it to run past December 31, 2028.
19. Confirm that all Mitchell Plant terminal net salvage was removed as part of the settlement in Case No. 2017-00179. If your answer is anything other than an unqualified confirmation, please provide in detail the facts supporting the failure to confirm the statement unequivocally.
20. Please confirm whether the current Mitchell Operating Agreement allows both Wheeling Power and Kentucky Power to be compliant with the CCR/ELG decisions of the Kentucky and West Virginia commissions. If your answer is anything other than an unqualified confirmation, please state whether it is necessary for Kentucky Power and Wheeling Power to make the following modifications to the current Mitchell Operating Agreement in order to come into compliance with the CCR/ELG decisions of the Kentucky and West Virginia commissions:
 - a. Change the operator of the Mitchell Plant from Kentucky Power to Wheeling Power.
 - b. Adjust for the allocation of capital not related to ELG based on different end of life plans.

- c. Establish policies to govern Wheeling Power's ELG investment in the Mitchell Plant and ensure appropriate cost allocations.
- d. Establish that Kentucky Power will stop taking power from the Mitchell Plant after December 31, 2028, but that Wheeling Power may take power from the Mitchell Plant until approximately 2040.
- e. Determine the terms of the transfer of Kentucky Power's interest in the Mitchell Plant at the end of 2028 to Wheeling Power if Wheeling Power chooses to run the Mitchell Plant beyond December 31, 2028.
21. Please confirm that if a utility is denied the opportunity to make environmental additions at a plant, therefore rendering the plant unable to run in compliance with environmental rules, then the utility should update its depreciation consistent with the date on which it would no longer be compliant and therefore could not continue to run the plant. If your answer is anything other than an unqualified confirmation, please provide in detail the facts supporting the failure to confirm the statement unequivocally.
22. For assets that are co-owned and subject to multiple commissions' jurisdiction, please state whether actions taken by co-owners should be in compliance with both jurisdictions' authority in order to operate the asset.
23. Refer to page 19, lines 10-14 of Mr. Kollen's testimony where Mr. Kollen proposes that "the economic floor should be the sum of the tax costs incurred by the Company that result from the sale, depending on the transaction structure, and the lost tax benefits that would accrue to the Company if the Mitchell Plant simply were retired at December 31, 2021." Explain how both of these events could occur at the same time.
24. Refer to page 22, lines 10-13 of Mr. Kollen's testimony. (a) What transaction structure is being referred to when Mr. Kollen says the "tax basis effectively is transferred?" (b) Where in the tax code is the effective transfer of tax basis required? (c) Identify in the tax code how the tax basis of an asset buyer is established.
25. Refer to page 23, lines 5-18 of Mr. Kollen's testimony. (a) Confirm that Mr. Kollen claims Kentucky Power has the ability to seek an abandonment loss tax deduction. (b) Provide a cite to the portion of the tax code upon which Mr. Kollen relies for his abandonment loss argument. (c) State what write off would be required for Kentucky Power to claim an abandonment loss tax deduction? (d) State all steps Kentucky Power would be required to take in order to claim an abandonment loss.
26. Refer to page 23, lines 19-22 of Mr. Kollen's testimony. Confirm that Kentucky Power will have less tax liability as a result of the recognition of avoided decommissioning costs in the fair market value that Kentucky Power would receive under the transaction. If your answer is anything other than an unqualified confirmation, please provide in detail the facts supporting the failure to confirm the statement unequivocally.
27. Refer to page 26, lines 15-16 of Mr. Kollen's testimony. Please provide support for Mr. Kollen's claims that the Company used a 2.5% escalation factor to calculate depreciation

rates. Please provide any testimony, estimates, calculations, or other source demonstrating where the Company used 2.5% escalation factor in its current calculation of depreciation rates.

28. Refer to page 27, lines 12-13 of Mr. Kollen's testimony. Please identify any testimony, estimates, calculations, or other source that supports Mr. Kollen's statement that "[t]he decommissioning component of the Company's Mitchell Plant depreciation rates includes a 30% contingency."

Respectfully submitted,



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