DATA REQUEST

KPSC 1-01 Regarding the operation of the Mitchell facilities after Kentucky Power is sold to Liberty Utilities Corp. (Liberty Utilities) but prior to the transfer of the Mitchell facilities to Wheeling Power Company (Wheeling Power), and Wheeling Power remains a member of PJM Interconnection LLC (PJM):
a. To the extent Kentucky Power has the information, explain whether any changes to the manner in which Liberty Utilities participates in PJM affects how the Mitchell units are dispatched and, if so explain how.
b. To the extent Kentucky Power has the information, explain whether any changes to the manner in which Liberty Utilities participates in PJM affects the capacity, energy, and ancillary services expenses and revenues that are currently attributed to the Mitchell facility and if so explain how.

RESPONSE

a-b. The Company does not have information pertaining to the manner in which Liberty will participate in PJM and thus does not have information that would shed light on any potential changes in capacity, energy and ancillary services expenses and revenues that are currently attributed to the Mitchell facility.

Witness: Timothy C. Kerns

DATA REQUEST

KPSC 1-02 Refer to the Direct Testimony of Timothy C. Kerns (Kerns Testimony),pages 6–7, lines 17–24 and 1–11 respectively, and to the Direct Testimony of D. Brett Mattison (Mattison Testimony), Exhibit DBM-2, Article 7.2.1. Explain whether Wheeling Power becoming the operator of the Mitchell Plant will lead to any increases or changes in operating costs due to Wheeling Power's cost of facility personnel, including: wages, salaries, overtime, employee bonus, customary or required severance payments, unemployment insurance, long-term disability insurance, short term disability payments, sick leave, payroll taxes imposed on wages and benefits, worker's compensation costs and holidays, vacations, group medical, dental and life insurance, defined contribution retirement plans, and other employee benefits.

RESPONSE

Kentucky Power and Wheeling Power are direct subsidiaries of American Electric Power Company that operate using the same employment policies and procedures, including the same grades, pay scales, benefits, and other employee-related costs and programs. Wheeling Power becoming the operator of the Mitchell Plant will change the employer of the Mitchell Plant employees from Kentucky Power to Wheeling Power but all employee-related pay and costs will remain the same. Except for individual employee changes (such as promotions, transfers, change in residence, separations, retirements, new hires, or other similar employee-specific changes); changes in state unemployment insurance costs; or other changes by government agencies in employee-related program costs; the Company expects no changes in employee-related costs as stated in both Mr. Mattison and Mr. Kerns testimonies.

Witness: Timothy C. Kerns

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DATA REQUEST

KPSC 1-03 Refer to the Mattison Testimony, pages 4–5, lines 15–21 and 1–11respectively, to the Mattison Testimony, pages 15, lines 1–15, and to the Mattison Testimony, Exhibit DBM-2, Article 7.2.1. regarding Mitchell permits that need to be transferred from Kentucky Power to Wheeling Power.
a. Identify all environmental and other permits related to the operation of Mitchell held in the name of Kentucky Power that will need to be transferred to Wheeling Power.
b. Explain whether the transfer of permits to Wheeling Power will incur any costs or fees to be allocated in accordance with the Ownership Agreement.
c. Provide all known deadlines for obtaining permits in the name of Wheeling Power and explain the basis for each deadline.

RESPONSE

a. See KPCO_R__KPSC_1_03_Attachment 1 for a list of permits to be updated or transferred to Wheeling Power Company related to the Mitchell Plant.

b. The Company anticipates that fees will be incurred for the transfer of permits, and they will be allocated in accordance with the Ownership Agreement.

c. As described in the its application in this proceeding, transfer of the permits is one of several activities needed to ensure that environmental compliance activities at the plant, including ordering of equipment and materials, are timely to enable the physical ELG work to be completed by Wheeling Power by the necessary permit deadlines. The timing for the permit transfers is also driven by the Commission's directive that the transfer of the permits and the related transfer of operating responsibilities to Wheeling Power be accomplished in a prompt manner. See KPCO_R_KPSC_1_03_Attachment 1 for additional information on the advance notice associated with permit transfers.

Witness: Timothy C. Kerns

Mitchell Plant
Environmental Permits to be Transferred or Updated

Permit / License	Number	Permit Date	Agency	Transfer of operator responsibilities/ownership
Minor NSR Permit	R13-2608E	5/12/2014	WVDEP	At least 30 days prior to transfer (Same letter and Class II General Air Permit)
Title IV Acid Rain Permit	R33-3948-2022-5A	3/12/2019	WVDEP	Anytime prior to transfer, as long as a specific transfer date is indicated. (Same letter as Title V)
Title V Permit	R30-05100005-2019	12/8/2020	WVDEP	Anytime prior to transfer, as long as a specific transfer date is indicated. (Same letter as Title IV)
Class II General Air Permit	G60-C057A	8/8/2014	WVDEP	At least 30 days prior to transfer (Same letter as Minor Air Permit)
Certificate to Operate			WVDEP	At least 30 days prior to transfer
Title IV Cert of Representation			USEPA	N/A
GHG Cert of Representation			USEPA	Within 90 days of transfer.
NPDES (Plant)	WV0005304	12/30/2010	WVDEP	30 days prior to transfer
NPDES/Solid Waste Permit (Landfill)	WV0116742	5/29/2013	WVDEP	30 days prior to transfer
RCRA Hazardous Waste ID#	WVD-988-554- 943		WVDEP	The application processing time is up to 10 business days
Mitchell - Drinking Water	WV9925015		WV DHHR	30 days prior to transfer
Barge Mooring Capacity	94007	3/9/1994	USACE	30 days prior to transfer
Maintenance Dredging Permit	200300265	8/18/2003	USACE	30 days prior to transfer
Barge Mooring & Fleeting	200501038	7/28/2005	USACE	30 days prior to transfer
Intake Structure		4/9/1968	USACE	30 days prior to transfer
Coal Unloading Dock Extension	760321	10/13/1978	USACE	30 days prior to transfer
404 Permit Landfill Expansion	2011-1499	12/5/2016	USACE	30 days prior to transfer
Barge Mooring Facility	200501351	11/17/2005	USACE	30 days prior to transfer

Mitchell Plant
Environmental Permits to be Transferred or Updated

Permit / License	Number	Permit Date	Agency	Transfer of operator responsibilities/ownership
404 NW Permit (ML DFA)	2011-940	1/20/2012	USACE	30 days prior to transfer
Maintenance Dredging Permit	2003-265	1/31/2014	USACE	30 days prior to transfer
Individual 404 Permit (LF/HR)	2011-1499	3/4/2013	USACE	30 days prior to transfer
Plant Construction	69-36	5/16/1969	USACE	30 days prior to transfer
Coal Unloading Dock	4600	2/8/1971	USACE	30 days prior to transfer
401 Water Quality Certification	WQC160006	3/30/2017	WVDEP	30 days prior to transfer
DNR Right of Entry Permit	R-124/25-1247	11/2/2012	WVDNR	30 days prior to transfer
DNR Right of Entry Permit	L-054/25-1613	1/23/2006	WVDNR	30 days prior to transfer
DNR Right of Entry Permit	LS-15-I/25-1696	12/2/2015	WVDNR	30 days prior to transfer
401 Water Quality Certification	WQC120011	1/10/2013	WVDEP	30 days prior to transfer
Sewage Tank Permit	SHT-99-13-017		WVDHHR	Resubmit the application per WVDHHR once we have a date when transfer to Wheeling Power

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DATA REQUEST

KPSC 1-04 Refer to the Mattison Testimony, Exhibit DBM-2, Article 5.3.1.1. Explain whether the forecast of operating and capital expenses will be forecasted for six years annually or only for the first year. If the forecast will include six years annually throughout the term, explain why the budgets would not end on December 31, 2028, given that Kentucky Power will not be affiliated with Mitchell after that date.

RESPONSE

If Wheeling Power intends to operate the Mitchell Plant beyond 2028, it will be necessary to budget for that continued operation. Costs will be allocated in accordance with the proposed New Mitchell Agreements, which contain specific provisions related to allocation of costs pertaining to post-2028 operations.

Witness: Timothy C. Kerns

Witness: Deryle B. Mattison

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DATA REQUEST

KPSC 1-05 Refer to the Mattison Testimony, Exhibit DBM-2, Article 10.3. Explain whether Kentucky Power will be liable for any environmental liabilities associated with Effluent Limitations Guidelines (ELG) projects at Mitchell. If not, explain why this section does not specifically exclude any Environmental Liabilities associated with ELG compliance at Mitchell.

RESPONSE

Article 10 of the Mitchell Plant Operations and Maintenance Agreement sets forth the general terms under which Wheeling Power, as plant operator, is indemnified from environmental liabilities that arise in the course of operating the plant on a cost-reimbursement basis. Under those provisions, Kentucky Power and Wheeling Power, in their capacity as owners of undivided 50% interests in the Mitchell Plant, will each be allocated 50% of all environmental liabilities incurred by Wheeling Power in discharging its responsibilities as operator under the agreement unless and to the extent that any such environmental liabilities arise from its gross negligence or willful misconduct, in which case Wheeling Power will indemnify Kentucky Power for any such environmental liabilities. However, there are no exclusions in Article 10 for the liabilities associated with any subset of operator activities, including activities related to the ELG Upgrades. Thus, the indemnity seeks to carefully balance the provisions of the Mitchell Plant Ownership Agreement, under which ELG capital expenditures and related operation and maintenance expenses are appropriately allocated to and exclusively paid by Wheeling Power, with the risks arising from Wheeling Power assuming the role of plant operator, at cost, where the Mitchell Plant with all of its equipment is constructed and operated as an integrated whole. The Mitchell Plant can only be operated through the use of all of the equipment present at the plant, including any equipment for which one owner has paid more or less than its 50% ownership share, such as ELG-related equipment and other equipment that may have a useful life extending past 2028 when Kentucky Power exits the plant.

Witness: Deryle B. Mattison

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DATA REQUEST

KPSC 1-06 Refer to the Mattison Testimony, Exhibit DBM-3, Section 3.1. Explain how Kentucky Power and Wheeling Power determine how retirement units are established (i.e., how a “capitalizable facilities” are defined). Explain whether Kentucky Power and Wheeling Power use the same depreciation rates for Mitchell. If not, provide the depreciation rates each use.

RESPONSE

The Companies follow the Federal Energy Regulatory (FERC) guidelines to determine when expenditures should be classified as capital and considered additions or retirements of electric plant. FERC guidelines state that all property shall be considered as consisting of retirement units and minor items of property. FERC guidelines also dictate that each utility shall use a list of retirement units and provides some discretion in permitting each utility to define the units. Retirement units are generally costly, long lived, and separately identifiable units of property.

Both Kentucky Power and Wheeling Power are subject to the review and approval of depreciation rates for the Mitchell Plant from their respective state commissions and are therefore not the same. Please see KPCO_R_KPSC_1_6_Attachment 1 for the current depreciation rates used for Kentucky Power and Wheeling Power for Mitchell Plant, respectively.

Witness: Deryle B. Mattison

DATA REQUEST

KPSC 1-07 Refer to the Mattison Testimony, Exhibit DBM-3, Article 6.4(c). Explain why the monthly amount of Administrative and General Expenses (FERC Accounts 920 – 935) is not similarly allocated based upon the proportion of each Owner's monthly dispatch.

RESPONSE

Article 6.4 describes the monthly allocation of costs to the two Owners. In Articles 6.4(a) and 6.4(b), expenses such as steam, allowances, and maintenance (FERC Accounts 502, 509, 512, and 513) are considered variable O&M as they are directly attributable to the generation (MWh) of the units and the allocation based on each Owner's monthly dispatch is appropriate. Article 6.4(d) describes other Steam Power Generation expenses in FERC Accounts 500-515 and Administrative and General expenses in FERC Accounts 902-935 and allocates them 50% to each Owner because they are considered fixed O&M – they typically do not vary based upon the amount of generation or would not change if the plant was in a planned outage during the month.

Witness: Timothy C. Kerns

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DATA REQUEST

KPSC 1-08 Refer to the Mattison Testimony, Exhibit DBM-3, Article 6.4(d). Confirm that the ownership agreement defines ELG Upgrade capital expenditures but does not set out a procedure for determining whether any operations and maintenance expense is related to the ELG equipment, despite setting out that Wheeling Power is solely responsible for these costs, regardless of FERC account designation. If this cannot be confirmed, explain. If confirmed, explain how ELG operations and maintenance expenses will be segregated.

RESPONSE

It is confirmed that the Ownership Agreement defines ELG Upgrade capital expenditures in Article 14 (page 14). Articles 6.4(d) clearly defines that "any operations and maintenance or other expenses to the extent attributable to any ELG Upgrade (regardless of the FERC Account to which it is charged) shall be allocated exclusively to and paid by WPCo." The Ownership Agreement clearly states in Article 2 that the Operator will employ Prudent Operation and Maintenance Practices and defines this term. Those practices in place today in Kentucky Power plants, and that will continue under Wheeling Power at Mitchell Plant, include procedures to charge time, materials, and other expenses to work orders that are assigned to specific equipment or systems. Thus the determination of the amount of ELG Upgrade operations, maintenance, and other expenses will be based on a review of accounting records whose work orders list ELG Upgrade equipment.

Witness: Timothy C. Kerns

DATA REQUEST

KPSC 1-09 Refer to the Mattison Testimony, Exhibit DBM-3, Article 6.7(b).
a. Explain whether a Technical Expert has been hired to make recommendations as to the allocation of Coal Combustion Residuals (CCR) and ELG costs.
b. Explain how the Technical Expert will be selected and whether the manner of solicitation will be the same as with Appraisers and Qualified Firms as described in Exhibit DBM-3, Article 9.6.
c. Explain who will actually employ the Technical Expert.
d. Because the Technical Expert makes recommendations only, explain whether the Operating Committee decides the final allocation of CCR and ELG costs.
e. Explain what happens in the event that Liberty Utilities or Kentucky Power do not agree with the Technical Expert's recommendations as to the allocation of CCR and ELG costs and how the dispute will be resolved.

RESPONSE

a. Yes. As of December 22, 2021, a Technical Expert has been selected, and the Company is working to finalize the agreement with that company.

b. The technical expert has been selected based on its independence from the operating companies and project teams, its CCR and ELG technology experience, its familiarity with the CCR and ELG Rules, its regulatory experience, and its availability and schedule. The Company has not yet determined what process will used be for selecting Appraisers and Qualified Firms in the future, except that they shall meet the definition of those terms as included in the proposed Mitchell Ownership Agreement.

c. The Technical expert will be engaged or retained by the Operating Committee.

d. The Operating Committee decides the final allocation of CCR and ELG costs using the information provided by the Technical Expert.

e. If Kentucky Power does not agree with the Technical Expert's recommendation of CCR and ELG allocation costs, the dispute will be resolved by the Operating Committee consistent with the Dispute Resolution process defined in Article Twelve of the Mitchell Ownership Agreement.

Witness: Timothy C. Kerns

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DATA REQUEST

KPSC 1-10 Refer to the Mattison Testimony, Exhibit DBM-3, Article 6.7(d). Confirm that Kentucky Power's depreciation rates, including depreciable lives and net salvage values, are generally approved by the Commission prior to Kentucky Power utilizing these rates for ratemaking purposes. If this cannot be confirmed, explain. If confirmed, explain why Article 6.7(d) gives the Operating Committee unilateral discretion over the depreciable lives of any capital projects with an in service date prior to December 31, 2028, and an estimated retirement date after December 31, 2028.

RESPONSE

Kentucky Power's depreciation rates, including depreciable lives and net salvage values, are approved by the Commission prior to Kentucky Power utilizing these rates for ratemaking purposes.

Exhibit DBM-3, Article 6.7, intends to provide mechanisms to deal with differing jurisdictional depreciation situations and to provide fair treatment for the Companies. Specifically, Article 6.7(d) provides a process to be followed for the installed capitalized equipment with a depreciable life that is expected to be beyond December 31, 2028, the expected date as of which Kentucky Power will exit participating in operations at the Mitchell Plant. As stated in Article 6.7(d), the determinations set forth in Section 6.7(d) follow the orders by the applicable jurisdictional commissions regarding depreciation-related issues.

Witness: Deryle B. Mattison

DATA REQUEST

KPSC 1-11 Refer to the Mattison Testimony, Exhibit DBM-3, Article 6.7(d), Article9.6(a), Article 9.6(b), and Article 14, "Adjusted Fair Market Value" and "CapEx Adjustment."
a. Explain why the "CapEx Adjustment" includes a return on Wheeling Power's separate investments in the Mitchell station.
b. Explain whether any capital expenditure allocated to Kentucky Power in an amount less that 50 percent pursuant to Article 6.7(d) would reduce the CapEx Adjustment to less than the 50 percent of that particular capital project (i.e. if Kentucky Power funds 10 percent of a project, would the CapEx Adjustment be 50 percent or 40 percent of the total project costs).
c. Explain whether the CapEx Adjustment will be based on the total capital expenditure costs per books or fair market value. If fair market value, explain how the fair market value will be determined. If the per books balance, explain why it is appropriate given the differing basis of the values.
d. Explain why the proposed CapEx Adjustment is more reasonable than simply allocating the entire Fair Market Value based on the proportional ownership interests as of the date of the transfer.

RESPONSE

a. The Adjusted Fair Market Value to be paid to Kentucky Power for its 50% undivided interest in Mitchell is in part created by investments made by Wheeling Power in excess of its 50% ownership interest in the Mitchell Plant which enable the plant to operate beyond 2028 and meet regulatory requirements beyond 2028. Wheeling Power will not only make certain CapEx investments but also pay debt interest expense and recover the debt expense and equity return (investment capital costs) from customers on those investments. For purposes of determining the fair market value of the plant, it is appropriate to include the value of Wheeling Power carrying those additional investments, which enable the plant to operate after 2028 and contribute to the plant having value in the future, be considered in the fair market valuation process. The CapEx Adjustment does this by deducting the total cost of the Wheeling Power investments from the Fair Market Value.

b. The filed Mitchell Ownership Agreement 6.7(d) states that "KPCo shall be responsible for and shall pay 50% of the expenditures for such capital item, multiplied by (A) the number of months (not to exceed the Depreciable Life of such capital item) between the reasonably anticipated in-service date of such capital item and December 31, 2028, divided by (B) the Depreciable Life of such capital item and (ii) WPCo shall be

responsible for the remaining amount of such capital expenditure not allocated to KPCo pursuant to the foregoing clause (i)." In the Mitchell Agreement Definitions, The "CapEx Adjustment" shall mean (a) 50% of any capital expenditures (or portion thereof), including ELG Capital Expenditures, to the extent funded by Wheeling Power in an amount in excess of 50% of the total amount thereof on or prior to December 31, 2028, plus (b) an amount equal to the WACC for the amounts included in clause (a), applied to all of such amounts using the then-applicable WACC from the dates of funding through the closing date of the consummation of the Buyout Transaction. To apply this to an example, if there is a $100 investment made 12/31/2022 that has a life to 12/31/2040 the calculation would be as follows:

- On the initial $100 investment Kentucky Power would pay 19.44% or $19.44 which is 50% of 72 months to 12/31/2028 out of a 216 month depreciable life to 12/31/2040 planned Mitchell plant life.
- The CapEx Adjustment would be 50% of the Wheeling Power portion or 50% of $70.56 which is $100 minus $19.44 funded by Kentucky Power

c. The CapEx Adjustment will be a 'per books' adjustment. The gain/loss to Kentucky Power will be the Adjusted Fair Market Value minus the net book value (plant investment less accumulated depreciation). This is standard practice accounting methodology.

d. An unadjusted 50/50 split of the fair market value of a plant only being able to operate past 2028 due to one owners' investments would not be reasonable. Mitchell would not be able to operate past December 31, 2028, without ELG investments made by Wheeling Power, and Kentucky Power is not investing in ELG at the Mitchell Plant. Thus, allocating the entire Fair Market Value based on the proportional ownership interests of 50%/50% ignores the incremental investments that Wheeling Power will have made and Kentucky Power will not have made. Even though the capacity and energy mix remains 50%/50%, the investment is no longer 50%/50% and therefore the investment that creates value beyond 2028 needs to be considered in the valuation. Therefore, the recognition in the fair market value formula to account for the investment provided by West Virginia customers (which causes the plant to have value as an operating asset after 2028) is a fair and reasonable approach to recognize the paths chosen in the two states when considering on whether to make ELG investment or not in 2021.

Witness: Deryle B. Mattison

DATA REQUEST

KPSC 1-12 Refer to the Mattison Testimony, Exhibit DBM-3, Article 6.8, Article 9.6(c),and Article 14, "Decommissioning Costs Amount." Explain whether the Decommissioning Costs included in the Buyout Price will include the costs to decommission ELG projects. If so, explain why Kentucky Power should be allocated decommissioning costs associated with the ELG projects.

RESPONSE

Section 9.6(c) of the Mitchell Plant Ownership Agreement sets forth a process to determine the cost to retire, dismantle, and permanently remove the Mitchell Plant and restore and remediate the entire Mitchell Plant site based on the assumptions set forth in that section. This includes all of the equipment at Mitchell Plant, including any equipment for which one owner has paid more than its 50% ownership share, such as ELG-related equipment and other equipment that may have a useful life extending past 2028 when Kentucky Power exits the plant. This approach does not allocate "decommissioning costs associated with the ELG projects" to Kentucky Power. Rather, it is a method to appropriately determine the fair market value of the Mitchell Plant as of 2028, facilitating a total exit of the Kentucky Power from plant operations at December 31, 2028. The approach recognizes that the plant's market value after 2028 is substantially related to the plant having obtained compliance with the ELG rules (at the expense of Wheeling Power), as well as Kentucky Power's existing obligation to pay its share of decommissioning costs should the sale not occur.

Witness: Deryle B. Mattison

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DATA REQUEST

KPSC 1-13 Refer to the Mattison Testimony, Exhibit DBM-3, Article 7.1 and ExhibitDBM-1, Article 7.1. Confirm that the Operating Committee under the proposed agreements will consist solely of representatives from Kentucky Power and Wheeling Power. If this cannot be confirmed, explain.

RESPONSE

Confirmed. The Mitchell Operating Committee, under the proposed Mitchell Agreements, will consist solely of representatives from Kentucky Power and Wheeling Power.

Witness: Deryle B. Mattison

DATA REQUEST

KPSC 1-14 Refer to the Mattison Testimony, Exhibit DBM-3, Article 9.6.

a. At Article 9.6(b), explain the methodologies and criteria used by appraisers to assess Fair Market Value.

b. Explain the valuation methodology used by Kentucky Power to assign value all assets in the sale negotiations with Liberty Utilities generally and specifically for the Mitchell facilities and any associated contractual business relationships including the CertainTeed contract.

c. Explain the value placed upon the Mitchell facility and any associated contractual business relationships including the CertainTeed contract.by Kentucky Power in the sale negotiations with Liberty Utilities.

d. Explain why the value of the Mitchell facility should not be valued at the same level and in the exact same manner as in the Kentucky Power sale negotiations with Liberty Utilities minus depreciation. If this is incorrect, list the other reasons as to why the valuation should be more or less than that amount.

e. Even though as of December 31, 2028, only the CCR environmental upgrade will have been completed, the future value of Kentucky Power's interest through the life of the station has value on an "as is" basis. Explain whether the present value of this future value will be included in the estimation of Fair Market Value.

f. Explain whether the current and future value of the CertainTeed Contract is included in the Fair Market Value appraisals. if not, explain why not.

g. As a part of the determination of Fair Market Value, the relevant "market" must be identified. Explain what and or how the relevant market will be determined.

h. At Article 9.6(b), "If the Fair Market Value determined by one of the Appraisers deviates from the Fair Market value determination of the middle Appraiser by more than twice the amount by which the Fair Market Value determination of the other Appraiser deviates from the Fair Market Value determination of the middle Appraiser, then the Fair Market value determination of such Appraiser shall be excluded, the remaining two Fair Market Value determinations shall be averaged, and such average shall be the Fair Market Value. . ."

(1)Explain the reasons for and how a Fair Market Valuation spread as contemplated and described could occur and whether this contingency is common for this type of transaction.

(2)Explain the rationale behind excluding a high valuation from an independent Appraiser.

i. Also refer to the Mattison Testimony, Exhibit DBM-3, Article 3.2(b).Given that Decommissioning Cost Amounts as defined in Article 9.6(c) are subtracted from the Fair Market Value as defined in Article 9.6(b) to arrive at an Adjusted Fair Market Value as defined in Article 9.6(a) Buyout Price, explain why Wheeling Power should not be required to post a present value cash equivalent sum into a separate third party account that could only be drawn on at the time Mitchell facility operations cease and decommissioning commences. The cash equivalent sum would be equal to the Decommissioning Cost Amount subtracted from the Fair Market Value to yield the Buyout Price as a condition of approval of the proposed Mitchell Plant Ownership Agreement.
j. Define and explain whether any salvage value is included in the Fair Market Value estimation methodology and, if not, why not.
k. Explain what direction, limitation, or instructions will be given to the Appraisers that could influence or set boundaries on the appraisal methodology.
l. Explain whether Liberty Utilities has or has had any role in drafting and or approving the proposed Mitchell Plant Ownership Agreement.
m. Explain whether Liberty Utilities has or has had any role in the Appraiser contracting process or in setting any valuation parameters or limitations on the prospective Appraisers.
n. Provide a copy of the Request for Quote or Proposal that will be or has been sent out to prospective Appraisers.

RESPONSE

a. The Mitchell Ownership Agreement Section 9.6(b) defines the approach for obtaining appraisals of the fair market value of Mitchell as of December 31, 2028. The appraisal methodology used by each of the three appraisers hired by the owners will be determined by each appraiser. As the agreement notes "each Owner shall deliver a written notice to the other Owner appointing a nationally or regionally recognized appraisal firm, which is not an Affiliate of either Owner, with experience valuing coal-fired electric generating facilities that are comparable in size and scope to the Mitchell Plant ("Appraiser"), the costs and expenses of which shall be borne by the Owner appointing such Appraiser. Each of the Appraisers selected by WPCo and Kentucky Power, respectively, shall work together to select a third Appraiser within fifteen (15) days of selection of the first two Appraisers or, if such first two Appraisers fail to agree upon the appointment of a third Appraiser, such appointment shall be made by the American Arbitration Association, or any successor organization thereto." The Agreement also states "Each Owner shall cooperate with each Appraiser and timely provide information and access to the Mitchell

Plant facilities (including, subject to any confidentiality restrictions, contracts and financial information) and personnel as may be reasonably needed to complete its appraisal. The Fair Market Value of the Kentucky Power Interest shall be calculated by the Appraisers as of December 31, 2028 (or such earlier date of the anticipated closing of the Buyout Transaction), assuming that the Units would permanently cease operations as of December 31, 2040 (or such earlier anticipated date as may have been filed by WPCo with the WVPSC) but without taking into account any Decommissioning Costs or the value of the common coal pile. Each Appraiser shall prepare a detailed written appraisal of the Fair Market Value of the KPCo Interest within sixty (60) days after the selection of such third Appraiser and provide its valuation reports to each of the Owners."

The information the Owners provide to the appraisers will include market and operation conditions of Mitchell that the appraisers will consider in their appraisals. The experience the appraisers have 'valuing coal-fired electric generating facilities' includes the fact that the appraisers have defined methodologies for appraising facilities such as Mitchell.

b. Because this is a stock purchase transaction, and not an asset sale, Kentucky Power did not assign value by asset.

c. Please see the Company's answer in subsection b, above.

d. Please see the Company's answer in subsection b, above. In addition, the fair market valuation is being done for a potential sale at December 31, 2028, because that is the date of the potential sale in the Ownership Agreement. The agreement has the sale occurring on that date because Mitchell would not be able to operate past that date without ELG investments to be made by Wheeling Power and Kentucky Power is not investing in ELG at Mitchell. A valuation today would not account for the market conditions at December 31, 2028, which are not knowable at this time.

e. As of December 31, 2028, both the CCR and ELG investments are planned to be completed. If a Fair Market Value needs to be determined for a sale at that time, then the plant will be valued based on the condition of the plant at the time and the ability to provide service going forward. The balanced approach provided in the Mitchell Agreement is intended to fairly account for the investment that provides the value at that time should a sale be needed.

The CCR investment being made by Kentucky Power will be considered in the value of the plant. However, the CCR environmental upgrade installed at Mitchell allows the plant to run until 2028 only. Without the ELG investment being made by Wheeling

Power, the plant must close by December 31, 2028. Therefore only making the CCR investment leaves the plant with no commercial value at that the December 31, 2028 date, except for the scrap and site value obtainable through decommissioning the site. The plant also has decommissioning costs at that date expected to be greater than the scrap and site value, therefore the plant's 'as is' value at December 31, 2028 if it were to be retired then is expected to be a negative value. This is factored into the appraiser's valuation of Fair Market Value.

f. The value of the CertainTeed Contract for the period beyond December 31, 2028, will be included in the Fair Market Value appraisals.

g. The Mitchell Agreement calls for appraisers to determine the value at that time (closer to 2028) under the appropriate appraiser's methodology.

h. (1) The three appraisers will be working independently of each other. Appraisals involve the application of professional expertise and opinion to data. It is not unreasonable to anticipate that the three appraised values will differ. The provision is designed to eliminate the effect of an outlier appraisal (as defined in the agreement) on the calculation of the average appraised value. Otherwise, an appraisal that differs from the other two appraisals by a large amount could unreasonably skew the average higher or lower. Elimination of outliers is important when using a statistical value such as an average as Section 9.6(b) does.

(2) *See* the response to subpart (h)(i). The process does not automatically exclude a high bid, it eliminates a bid that is double the difference as an indicator that it is an unreasonable outlier. The elimination of an outlier is equally applicable to a "low" outlier and a "high" outliers. It is similar in approach to the process that is used in the agreement to determine decommissioning costs for purposes of the fair market value calculation which also discards such outliers for the same reasons.

i. The Ownership Agreement transfer process presumes a full exit by Kentucky Power from plant operations, as well the full release of its decommissioning obligations, at December 31, 2028. Wheeling Power currently intends to continue to operate the plant after that date and the decommissioning obligation could change based on changes in operations or regulations. The release of Kentucky Power from its decommissioning obligations under the transfer of ownership shields the Company from legal and other developments after December 31, 2028 that could change the scope and cost of decommission and would permit Kentucky Power continue to avoid monitoring plant operations and decommissioning after December 31, 2028.

j. The methodology and calculations, including whether any salvage value is included, utilized in the Fair Market Value Estimations will be determined by the third party appraisers. As stated in part a., the third party appraisers are required to provide their valuation reports to each of the owners. The Company cannot opine on the inputs to the calculations.

k. The appraisal methodology will be determined by the qualified third party appraisers.

l. Between August and October, 2021, Liberty and its counsel were actively involved in discussions with American Electric Power Company, Inc. and its counsel regarding the proposed New Mitchell Agreements in the course of discussions regarding the sale of Kentucky Power to Liberty. The personnel representing Liberty in those discussions regarding the proposed New Mitchell Agreements included Kevin Melnyk, Senior Vice President, Regulated Infrastructure Development at Algonquin Power & Utilities Corp. who led the Stock Purchase Agreement negotiation and Simpson Thacher & Bartlett LLP, Liberty's outside counsel for the transaction. The proposed New Mitchell Agreements filed with the Commission on November 19, 2021 in Case No. 2021-00421 are the same agreements accepted and agreed to by Liberty in discussions with AEP and which are exhibits to the Stock Purchase Agreement.

m. Liberty has not had any role in retaining an appraiser or in setting any valuation parameters or limitations on prospective appraisers.

n. The data requested is not yet available. No appraisers have been or will be retained, and are not required to be retained, until approximately July 31, 2027.

Witness: Deryle B. Mattison

Kentucky Power Company
KPSC Case No. 2021-00421
Commission Staff's First Set of Data Requests
Dated December 9, 2021

DATA REQUEST

KPSC 1-15 Refer to the Mattison Testimony, Exhibit DBM-3, Article 9.6(b). Provide more clarity into the qualifications of the appointed appraisal firms by Kentucky Power and Wheeling Power, including (1) any applicable accreditations, and (2) minimum level of experience.

RESPONSE

Please see the Company's response to KPSC_1_014 subpart a.

Witness: Timothy C. Kerns

DATA REQUEST

KPSC 1-16 Refer to the Mattison Testimony, Exhibit DBM-3, Article 14, "CapEx Adjustment." Part (a) of the definition states, "50% of any capital expenditures (or portion
thereof), including ELG Capital Expenditures, to the extent funded by WPCO in an amount in excess of 50% of the total amount thereof on or prior to December 31, 2028."

a. The Commission's Order in Case No. 2021-000042 authorized CCR environmental compliance only for the Mitchell units. Explain why Kentucky Power ratepayers should bear any ELG related costs, regardless of when those costs were incurred.

b. Provide a list of all current work order numbers and any future work order numbers associated with CCR and with ELG compliance for the Mitchell station that reflect all costs or expenditures assigned to those projects to date. The CCR and ELG costs should be provided separately by work order, separated into those that are capitalized and those that are expensed, and updated quarterly up to December 31, 2028, or the date of the ownership transfer to Wheeling Power.

c. Explain why and for what reasons Wheeling Power would be undertaking capital expenditures prior to the transfer of Mitchell ownership from Kentucky Power when Kentucky Power is the current operator of the Mitchell station.

d. Explain whether Wheeling Power has undertaken any capital expenditures independently of Kentucky Power to date and, if so, the amount of and nature of those capital expenditures.

e. To the extent that Wheeling Power does undertake any capital expenditures prior to the transfer of ownership of the Mitchell station, explain why Kentucky Power should bear any share of those expenditures.

f. Under the current Mitchell operating agreement, capital expenditures are essentially shared on a 50 percent basis between Wheeling Power and Kentucky Power and go on the respective books on a monthly basis. Once in rate base, these expenditures earn a return and represent an asset to the company, which presumably would be included in the Fair Market Value along with any other assets. Explain why any capital expenditure (and associated WACC) undertaken by Wheeling Power on or prior to December 31, 2028 should be subtracted from the Fair Market Value estimation.

RESPONSE

a. The Public Service Commission of West Virginia authorized Wheeling Power to make ELG investments for the Mitchell Plant to remain compliant and to enable Wheeling Power to operate the plant past December 31, 2028. Were only the CCR environmental upgrade installed at Mitchell, the plant must close by December 31, 2028. Thus, the plant has no commercial value at that date but for the ELG investment. Therefore, any value that Kentucky Power would receive for the plant as of December 31, 2028 from the fair market valuation process for the period beyond 2028, must deduct a proportional share of the investment made by Wheeling Power from the Adjusted Fair Market Value. This does not make Kentucky Power pay for the ELG but rather deducts the proportional share of ELG from the Adjusted Fair Market Value for purposes of evaluating the value of Kentucky Power's ownership share in the plant.

b. Please see KPCO_R_KPSC_1_016_Attachment1 for the requested information.

c. The 50%/50% undivided interest split of the Mitchell units meant that the only way for Wheeling Power to keep its 50% undivided interest compliant with ELG rules to and beyond December 31, 2028 was to make the ELG investment for the whole plant as it was not possible for 50% of a unit to be compliant.

d. No capital expenditures have been undertaken by Wheeling Power aside from ELG investment as quantified in part b.

e. The Kentucky Commission authorized the CCR investment to enable the plant to run through 2028. The capital expenditures contemplated prior to that time would be made to enable the Mitchell Plant to operate in a safer and reliable fashion during the period prior to the closure or potential transfer of Kentucky Power's interest in the Mitchell Plant. It is fair and reasonable for Kentucky Power, as the owner of a 50% undivided interest in Mitchell, to bear its ratable share of such expenditures until Kentucky Power transfers its interest in Mitchell to Wheeling Power just as Wheeling Power has done to date with Kentucky Power as the Operator. See the direct testimony of Company witness Mattison at page 10 for a discussion of how capital expenditures will be allocated among Wheeling Power and Kentucky Power.

f. See response to KPSC 1-14(e) above. The different decisions on the ELG and CCR investment in the two states created a split path for the future investment and associated value to the two owners. The potential Adjusted Fair Market Value to be paid to Kentucky Power for its 50% undivided interest in Mitchell if transferred in 2028 will be impacted by the independent investment made by Wheeling Power which enables the plant to operate beyond 2028 and meet regulatory requirements beyond 2028. Wheeling Power not only made certain CapEx investments but also paid debt interest expense and

recovered the debt expense and equity return (investment capital costs) from customers. Kentucky Power should not receive value from the investments without first accounting for the capital costs independently invested by Wheeling Power that facilitate the value of the plant after 2028.

Witness: Deryle B. Mattison

DATA REQUEST

KPSC 1-17 Refer to the Mattison Testimony, Exhibit DBM-3, Article 9.6(c).
a. Explain whether the estimated Decommissioning Cost Amounts will include estimated project contingencies and, if so, explain why it should be included.
b. Article 9.6(c)(B) states, "The Mitchell Plant facilities would be dismantled and removed from the Mitchell Plant site." Explain the rationale for estimating the decommissioning costs as dismantling and removing the facilities from the Mitchell plant site as of December 31, 2028.
c. Under current law, explain whether there is a required time limit under which a coal fired electric generation facility must be dismantled and removed from the facility site and, if so, provide the text of and citation(s) to the applicable law(s) or regulations.
d. Provide a list of all AEP coal fired generation units and or facilities that have ceased operation and the date each unit and or facility operation ceased.
e. Explain whether or not each facility identified in part c. above has been dismantled and removed from the facility site and, if so, provide a description and photograph of each decommissioned site.
f. Explain whether the previous Big Sandy generation facilities not in use for current electric generation have been dismantled and removed from the facility site in the same manner as described in 9.6(c)(B).

RESPONSE

a. The inclusion of contingencies is not specified in the definition of the Decommissioning Costs Amount, which would be estimated by the Qualified Firms as part of the process described in Section 9.6(c). Whether or not a contingency would be included would be part of the estimation process performed by each Qualified Firm.

b. Following recent Commission orders, Kentucky Power has elected to not make ELG investments necessary to operate the Mitchell Plant beyond December 31, 2028, and therefore would be required to retire the plant at that time if Wheeling were not making the ELG investments. Therefore, it is reasonable that Kentucky Power's decommissioning costs would reflect the date by which it would otherwise retire the plant. In addition, evaluating the cost of decommissioning costs as of December 31, 2028 helps ensure that that estimate is insulated from the effects of future operating decisions and investments in the plant by Wheeling Power after that date, as well as any

impacts in changes to environmental laws or general escalations in costs related to decommissioning.

c. The Company is not aware of a time limit under which a facility must be dismantled and removed from the site. However, the longer a facility is left at a site, the more expense is incurred to ensure that the retired facility continues to be maintained in a safe manner. So, while there are no specific requirements regarding the time allowed to dismantle a facility, there are costs associated with such delays.

d. The Company has not performed the analysis requested. However, see KPCO_R_KPSC_1-17_Attachment 1 for a list of AEP generating units that have ceased operation over the past decade.

e. For the purposes of responding, the Company assumes the reference is to part d of the question as part c does not contain a list of facilities. The Company has not performed the analysis requested. The facilities listed in part d are at various levels of demolition and remediation. The Company is including readily available information for a few of the retired plants. Big Sandy Unit 2 and all associated coal equipment have been dismantled and the site remediated. See KPCO_R_KPSC_1-17_Attachment 2 for the pictures of that site. Indiana Michigan Power's Tanners Creek generation station was retired in June of 2015. Decommissioning activities commenced upon the plant's retirement. In September of 2016 the site was sold to Tanners Creek Development, LLC for demolition and remediation which is still in progress. The main plant structures have been demolished and removed. Structures not yet removed include some of the coal handling equipment and warehouse buildings. The landfill has been closed. The most significant work remaining is the closure of the ash ponds which is awaiting approval of the closure plans by the Indiana Department of Environmental Management. See KPCO_R_KPSC_1-17 Attachment 3 for the pictures of the Tanners Creek facility.

f. Yes. Big Sandy unit 2 has been dismantled and removed from the site.

Witness: Deryle B. Mattison

Plant and Unit	Date of Operation Cessation
Sporn 5	Feb-2012
Conesville 3	Dec-2012
Big Sandy 2	May-2015
Clinch River 3	May-2015
Glen Lyn 5-6	May-2015
Kammer 1-3	May-2015
Kanawha River 1-2	May-2015
Muskingum River 1-5	May-2015
Picway 5	May-2015
Sporn 1-4	May-2015
Tanners Creek 1-4	May-2015
Northeastern 4	Apr-2016
Welsh 2	Apr-2016
Conesville 5-6	May-2019
Conesville 4	May-2020
Oklaunion 1	Sep-2020

Big Sandy Plant Site

Dismantled Tanners Creek Plant Site
Former Boiler Houses
Former Turbine Decks
Screenhouses still to be dismantled
KENTUCKY

Coal Conveying equipment
still to be dismantled

DATA REQUEST

KPSC 1-18 Refer to Mattison Testimony, Exhibit DBM-3, Article 9.6(c).

a. Article 9.6(c)(C) states, "the Mitchell Plant site would be remediated to a legally permissible industrial use standard." Explain the rationale for estimating the remediation to a legally permissible industrial use standard cost as of December 31, 2028.

b. Under current law, explain whether there is a required time limit under which a coal fired electric generation facility must be remediated to a legally permissible industrial use standard and, if so, provide the text of and citation(s) to the applicable law(s) or regulations.

c. Provide a list of all AEP coal fired generation facilities that have ceased operation, the date each facility operation ceased.

d. In the term "remediated to a legally permissible industrial use standard," define what permissible industrial use standard means and what would be entailed precisely in the remediation process for the Mitchell facility.

e. Explain whether or not each facility identified in part c. above has been "remediated to a legally permissible industrial use standard," and, if so, provide a description and photograph of each remediated site.

f. At Article 9.6(c), "If the Decommissioning Costs Amount determined by one of the three Qualified Firms deviates from the Decommissioning Costs Amount determination of the middle Qualified Firm by more than twice the amount by which the Decommissioning Costs Amount determination of the other Qualified Firm deviates from the Decommissioning Costs Amount determination of the middle Qualified Firm, then the determination of such Qualified Firm shall be excluded, the remaining two Decommissioning Costs Amount determinations shall be averaged, and such average shall be the Decommissioning Costs Amount …"

(1)Explain the reasons for and or how a Decommissioning Costs Amount spread as contemplated and described could occur and whether this contingency is common for this type of transaction.

(2)Explain the rationale behind excluding a high or low valuation from an independent Qualified Firm.

RESPONSE

a. Sec. 9.6 sets forth a 'legally permissible industrial use standard' as the benchmark in order to ensure that compliance with environmental laws and regulations applicable to industrial facilities is achieved so that the site can be made available for another industrial

use, such as a manufacturing facility. In this manner, the standard ensures that the estimates are based on appropriate assumptions and do not assume a higher cost, more expensive standard, such as what would be necessary to restore the site for use for the construction of residential housing or a public park. Estimating remediation based upon an industrial site use is most analogous to the current use of the site for a power generating facility.

In addition, the requirement to determine the costs as of December 31, 2028 provides a reasonable contractual approach to determining those costs for purposes of the FMV calculation. Because the continued operation of the Mitchell Plant post-2028 by Wheeling Power will undoubtedly alter and potentially increase the decommissioning costs and obligations attributable to that additional operating period during which Kentucky Power is no longer an owner, including possibly the effect of new environmental laws or regulations affecting the manner in which the Plant is operated or dispatched (in addition to the increase in costs attributable to inflation and rising costs for such decommissioning and site restoration services generally), it is reasonable to estimate the decommissioning amount for purposes of the FMV valuation in a way that isolates Kentucky Power from those changed costs and cause Wheeling Power to bear the costs associated with future operation. It is also consistent with the KPSC's desire for Kentucky Power to exit the Mitchell Plant by the end of 2028 by estimating what Kentucky Power would have to pay based on the plant as it exists in 2028.

b. There is no regulation that imposes a mandatory time limit under which a coal fired electric generation facility must be remediated to a legally permissible industrial use standard. The Mitchell Plant would be remediated upon closure of the plant as needed for redevelopment or transfer of the site.

c. See the response to Staff 1-17 (c).

d. "Permissible industrial use standard" refers to any standards in place at the time of the demolition/removal of the facility that must be met to allow the site to be available for industrial use/development.

e. While some facilities are in the process of being remediated for future industrial use, none have been fully remediated to date.

f.
(1) It is unclear what is meant by the term "Decommissioning Costs Amount spread", and as such the Company cannot respond. It is further unclear what is meant by "this contingency", as that term is not included in the agreement.

(2) The provision is designed to eliminate the effect of an outlier amount (as defined in the agreement) on the calculation of the average value. Otherwise, an amount that differs from the other two amounts by a large amount could unreasonably skew the average higher or lower. Elimination of outliers is important when using a statistical value such as an average as Section 9.6(c) does. It is similar in approach to the process that is used in the agreement to determine the fair market appraisal which also discards such outliers for the same reasons.

Witness: Deryle B. Mattison

DATA REQUEST

KPSC 1-19 Refer to the Mattison Testimony, Exhibit DBM-3, Article 9.6(c). Provide more clarity into the qualifications of the appointed engineering or consulting firms by Kentucky Power and Wheeling Power, including (1) any applicable accreditations, and (2)minimum level of experience.

RESPONSE

Please see the Company's response to KPSC_1_015.

Witness: Timothy C. Kerns

VERIFICATION

The undersigned, Brett Mattison, being duly sworn, deposes and says he is President and COO of 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 after reasonable inquiry.

Brett Mattison

Brett Mattison

Commonwealth of Kentucky)
) Case No. 2021-00421
County of Boyd)

Subscribed and sworn before me, a Notary Public, by Brett Mattison this 21st day of December, 2021.

Scott E. Bishop
Notary Public

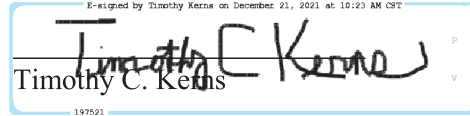
SCOTT E. BISHOP
Notary Public
Commonwealth of Kentucky
Commission Number KYNP32110
My Commission Expires Jun 24, 2025

My Commission Expires June 24, 2025

Notary ID Number: KYNP 32110

VERIFICATION

The undersigned, Timothy C. Kerns, being duly sworn, deposes and says he is Vice President of Generating Assets 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.



Timothy C. Kerns

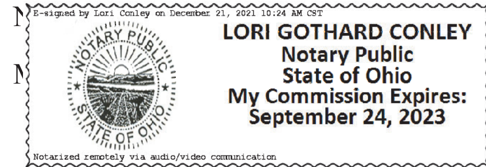
2021-12-21

STATE OF OHIO)
) Case No. 2021-00421
COUNTY OF FRANKLIN)

12/21/2021

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Timothy Kerns, this ____ day of December 2021.

Notary Public



Sep. 24, 2023