COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of: Electronic Joint Application of American Electric Power Company, Inc., Kentucky Power Company and Liberty Utilities Co. for Approval of the Transfer of Ownership and Control of Kentucky Power Company.	: : : :	**Case No 2021-00481**

INITIAL DATA REQUESTS OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS TO JOINT APPLICANTS

Kentucky Industrial Utility Customers ("KIUC") submits these Data Requests to American Electric Power Company, Inc. ("AEP"), Kentucky Power Company ("Kentucky Power"), and Liberty Utilities Co. ("Liberty") (collectively, "Joint Applicants") to be answered in accord with the following:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate requested item will be deemed a satisfactory response.

(2) Identify the witness who will be prepared to answer questions concerning each request.

(3) Repeat the question to which each response is intended to refer.

(4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, please request clarification directly from undersigned Counsel for KIUC.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify KIUC as soon as possible, and in accordance with Commission direction.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) "And" and "or" should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) "Each" and "any" should be considered to be both singular and plural, unless specifically stated otherwise

DEFINITIONS

1. "Document(s)" is used in its customary broad sense and includes electronic mail and all written, typed, printed, electronic, computerized, recorded or graphic statements, memoranda, reports, communications or other matter, however produced or reproduced, and whether or not now in existence, or in your possession.

2. "Correspondence" is used in its customary broad sense and includes electronic email, including all attachments, and all written mail, messages and communications between the persons or parties named in the request.

3. "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 whether preliminary or final, and whether or not referred to in Big Rivers' direct testimony.

4. If any document requested herein was at one time in existence, but has been lost, discarded or destroyed, identify such document as completely as possible, including the type of document, its date, the date or approximate date it was lost, discarded or destroyed, the identity of the person (s) who last had possession of the document and the identity of all persons having knowledge of the contents thereof.

5. "Person" means any natural person, corporation, professional corporation, partnership, association, joint venture, proprietorship, firm, or the other business enterprise or legal entity.

6. 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.

7. 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 the Company's possession or subject to its control, state what disposition was made of it.

8. 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.

9. "And" and "or" should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

10. "Each" and "any" should be considered to be both singular and plural, unless specifically stated otherwise.

11. 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.

12. "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.

13. "American Electric Power Company, Inc." or "AEP" means American Electric Power Company, Inc. and/or any of their officers, directors, employees, or agents who may have knowledge of the particular matter addressed.

14. “Kentucky Power Company” or “Kentucky Power” means Kentucky Power Company and/or any of their officers, directors, employees, or agents who may have knowledge of the particular matter addressed.

15. “Liberty Utilities Co.” or “Liberty” means Liberty Utilities Co. and/or any of their officers, directors, employees, or agents who may have knowledge of the particular matter addressed as well as Algonquin Power and Utilities Corp. and/or any of their officers, directors, employees, or agents who may have knowledge of the particular matter addressed.

16. “American Electric Power Service Corporation” or “AEPSC” means American Electric Power Service Corporation and/or any of their officers, directors, employees, or agents who may have knowledge of the particular matter addressed.

17. “Kentucky Transco” means AEP Kentucky Transmission Company, Inc., and/or any of their officers, directors, employees, or agents who may have knowledge of the particular matter addressed.

18. “Algonquin” means Algonquin Power & Utilities Corp, and/or any of their officers, directors, employees, or agents who may have knowledge of the particular matter addressed.

19. “Commission” means “Kentucky Public Service Commission”

20. “Joint Applicants” means AEP, Kentucky Power and Liberty.

Q.1-1. With respect to the structure for the bidding and negotiation process related to the sale of Kentucky Power.

a. Identify every corporation, investor group, or other person that was solicited to participate as a potential acquirer of Kentucky Power.

b. To the extent that there were various sequences in the bidding and negotiation process, describe each sequence and the corresponding result by potential acquirer (including Liberty).

c. By potential acquirer, indicate whether the potential acquirer moved to the next level, whether the participant withdrew, whether the participant was eliminated, etc.

Q.1-2. Please provide all offers, counteroffers and term sheets presented or made by AEP regarding the sale of Kentucky Power.

Q.1-3. Please provide all documents received by AEP or Kentucky Power from potential acquirers of Kentucky Power (including Liberty). This should include all offers, counteroffers, and terms sheets received by AEP or Kentucky Power regarding the sale of Kentucky Power.

Q.1-4. Please provide all written criteria used by AEP for selecting an acquirer of Kentucky Power.

Q.1-5. Did AEP utilize a third-party consultant (such as an investment bank) to assist with bid analysis? If yes, please provide all documents provided by the third-party consultant to AEP regarding the analysis of bids to purchase Kentucky Power.

Q.1-6. Please provide all documents submitted to the Board of Directors of each Joint Applicant regarding the sale of Kentucky Power.

Q.1-7. Please provide all analyses and studies performed by or on behalf of any of the Joint Applicants (AEP, Kentucky Power, or Liberty) analyzing the costs and/or benefits to ratepayers of the proposed acquisition of Kentucky Power as compared to the costs and/or benefits to ratepayers that would result if no acquisition of Kentucky Power takes place.

Q.1-8. Please provide all analyses and studies performed by or on behalf of any of the Joint Applicants (AEP, Kentucky Power, or Liberty) analyzing the impact on retail rates of the proposed acquisition of Kentucky Power as compared to the retail rates that would result if no acquisition of Kentucky Power takes place.

Q.1-9. Please provide all analyses and studies performed by or on behalf of any of the Joint Applicants (AEP, Kentucky Power, or Liberty) analyzing any change in service quality and reliability to ratepayers of the proposed acquisition of Kentucky Power as compared to the service quality and reliability that would exist if no acquisition of Kentucky Power takes place.

Q.1-10. Explain whether Kentucky Power will incur any increased PJM charges resulting from the proposed transaction as a standalone member of PJM (as compared to being in the AEP Joint FRR plan) that it would not have incurred but for the proposed transaction. Please provide all analyses and studies to support your response.

Q.1-11. Throughout the Application and testimony, Joint Applicants state that up to 100 new jobs will be added in Kentucky.

a. For each of the 100 jobs, please list the job title, job description, and total compensation.

b. Please identify the AEPSC costs that will be avoided because of the 100 new local jobs.

c. Please identify the shared services costs that Kentucky Power will incur from Liberty for treasury, information technology, insurance, and risk management (among others) as set forth in the Application page 14 for the first three years post-closing.

Q.1-12. Please provide all analyses and studies performed by or on behalf of any of the Joint Applicants regarding the impacts to ratepayers of terminating Kentucky Power's participation in in the existing AEP Power Coordination Agreement among Kentucky Power, Wheeling Power Company, Appalachian Power Company, Indiana Michigan Power Company, and AEPSC.

Q.1-13. Please provide all analyses and studies performed by or on behalf of any of the Joint Applicants regarding the increased or reduced risk to ratepayers of PJM Capacity Performance charges that may result from terminating Kentucky Power's participation in the existing AEP Power Coordination Agreement.

Q.1-14. Please provide all analyses and studies performed by or on behalf of any of the Joint Applicants regarding the impacts to ratepayers of terminating Kentucky Power's participation in the Affiliated Transactions Agreement for Sharing Material and Supplies (dated January 1, 2014) among AEP Generation Resources Inc. and AEPSC, as agent for Kentucky Power, Appalachian Power Company, Indiana Michigan Power Company, Ohio Power Company, and AEP Generating Company.

Q.1-15. Please provide all analyses and studies performed by or on behalf of any of the Joint Applicants regarding the impacts to ratepayers of terminating Kentucky Power's participation in the Grid Assurance LLC Amended and Restated Subscription Agreement (dated April 2, 2019).

Q.1-16. Please provide all and or studies performed by or on behalf of any of the Joint Applicants regarding the impacts to ratepayers of terminating Kentucky Power's participation in in the AEP System Tax Allocation Agreement.

Q.1-17. Please provide all analyses and studies performed by or on behalf of any of the Joint Applicants regarding the impacts to ratepayers of terminating Kentucky Power's participation in the AEP System Utility Money Pool Agreement.

Q.1-18. Please provide all analyses and studies performed by or on behalf of any of the Joint Applicants regarding the impacts to ratepayers of terminating Kentucky Power's sale of receivables to AEP Credit, Inc.

Q.1-19. When does Kentucky Power intend to submit an application to the Commission addressing replacement of the 390 MW of capacity currently provided to Kentucky Power under the Rockport Unit Purchase Agreement ("UPA"), which expires December 2022?

Q.1-20. When the Rockport UPA expires, what is the expected amount of fixed cost savings to Kentucky Power?

Q.1-21. Does Kentucky Power intend to meet its Fixed Resource Requirement obligations after the Rockport UPA expires through the New Power Sale Agreement to be entered into pursuant to the Bridge Power Coordination Agreement ("Bridge PCA")?

Q.1-22. Refer to Section 4.8(b) Intercompany Arrangements – Power Coordination of the Stock Purchase Agreement.

a. Please provide a copy of the Bridge Power Coordination Agreement ("Bridge PCA").
b. For each PJM Planning Year from 2022 through 2025, please provide the amount of capacity (in MW) available from the AEP Parties to Kentucky Power under the Bridge PCA.
c. Does Kentucky Power intend to submit the Bridge PCA for Commission approval? If so, when?

Q.1-23. Refer to Section 4.8(b) Intercompany Arrangements – Power Coordination of the Stock Purchase Agreement.

a. Please provide a copy of the New Power Sale Agreement.
b. For each PJM Planning Year from 2022 through 2025, please provide the amount of capacity (in MW) needed by Kentucky Power to satisfy its Fixed Resource Requirement commitment.
c. What is the pricing structure contemplated under the New Power Sale Agreement? Will the pricing structure be based upon PJM RPM clearing prices?
d. What is the expected cost per MW-day of capacity that will be purchased by Kentucky Power under the New Power Sale Agreement after the termination of the Rockport UPA in 2022?
e. Does Kentucky Power intend to submit the New Power Sale Agreement for Commission approval? If so, when?

Q.1-24. Refer to Section 4.8(b) Intercompany Arrangements – Power Coordination of the Stock Purchase Agreement, discussing the terms of the Bridge PCA:

a. Please provide the rationale for Kentucky Power remaining a transmission owner within AEP's Load Zone in PJM rather seeking to establish a standalone transmission zone in PJM for Kentucky Power.
b. Please provide all analyses and studies performed by or on behalf of any of the Joint Applicants regarding the benefits to Kentucky Power of remaining a transmission owner in the AEP Load Zone as compared to establishing a standalone transmission zone for Kentucky Power.
c. Please provide the rationale for continuing the approximately $20 million annual transmission subsidy paid by Kentucky Power customers to AEP affiliate companies rather than establishing Kentucky Power as a standalone transmission zone in PJM.

Q.1-25. Please provide a breakdown, as follows, of the AEP East Zone CP demands (the NSPL) for the years 2020, 2021, and projected 2022 as used in the development of the NITS formula rate revenue requirement per MW (for example, in the 2022 formula rate the NSPL was 21,944.6 MW):

a. By AEP East Transmission Agreement Operating Company (i.e., Kentucky Power, APCo, I&M, OPCo, WPCo, KNG)

b. By other non-AEP Operating Company loads. Provide this information by state. Also provide a list identifying the name of the utility or Load Serving Entity ("LSE") associated with each such load, the MW load included in the zonal CP demand, the state in which the LSE is located.

Please provide this information in excel and in the same format as used by Kentucky Power in its response to AG-KIUC 2-30 in Case No. 2020-00174.

Q.1-26. Please provide the actual 12 CP demands for each AEP Operating Company for the years 2020 and 2021, as used to allocate transmission costs in the AEP East Transmission Agreement. Also provide the projected 12 CP demand for each Operating Company for the year 2022.

Q.1-27. Please provide any memos, emails, and other documents in the possession of any Joint Applicant addressing the Bridge PCA, including, but not limited to drafts of the Bridge PCA and memoranda, emails and other documents addressing specific issues that need to be addressed in the Bridge PCA.

Q.1-28. Please provide a detailed narrative addressing how Kentucky Power will be charged for transmission services after the transaction closing. In this narrative, please address the following:

a. Will Kentucky Power be treated as any other non-affiliate transmission user in the AEP Zone, such as "Vance Olive?"

b. Will Kentucky Power's transmission costs be included in the calculation of the AEP Zonal charge, as they are currently?

c. Please provide a schedule showing the various components of Kentucky Power's transmission charges after the closing. This request is not seeking the actual or projected costs to Kentucky Power, but rather a table showing which costs would be included in Kentucky Power's charges.

Q.1-29. Under the PJM tariff, is Kentucky Power required to continue in the AEP Zone for transmission pricing after the closing? Does Kentucky Power have any option with regard to continuing in the AEP Zone or becoming a standalone transmission zone?

Q.1-30. Please provide any study performed by Kentucky Power/AEP that addresses the expected transmission costs that would be incurred by Liberty during the 5 years following the transaction closing compared to expected transmission costs that would be incurred by Kentucky Power if it remained an AEP Operating Company. Included all supporting workpapers, including excel spreadsheets with formulas intact. If an analysis was performed covering a shorter projection period, please provide it in the alternative.

Q.1-31. With regard to the AEP Power Coordination Agreement, please explain how Schedule A, Section A-3 operates with respect to capacity resource performance charges. Specifically, in the event that one FRR Operating Company has a unit that fails to meet the capacity performance requirements (underperforms), but another FRR Operating Company has one or more overperforming units, please explain the following:

a. Would the combined FRR Companies be charged any capacity resource performance charges.

b. Under Section A-3, would the underperforming Company be required to pay compensation to the overperforming Company (again assuming that there was no charge from PJM to the combined FRR Companies. If such payments among under and overperforming Companies would be made, how would such charges be determined?

Q.1-32. Have any Kentucky Power generating units (including Rockport) failed to meet the PJM capacity resource performance requirements at any time since the implementation of the PJM capacity performance requirements. For any such events, please provide the following information:

a. The date of the event and the hours during which a Kentucky Power generating unit failed to meet the requirement.

b. Whether AEP was able to substitute another over performing unit to avoid a PJM penalty.

c. A quantification of the penalty, had it not been offset by an over performing AEP unit.

Q.1-33. Please provide any studies, memoranda, and/or analyses prepared by or for Liberty that address the transmission charges that Kentucky Power will incur from PJM and/or AEP for each of the next 5 years (or less if 5 years is not available).

Q.1-34. To the extent that Kentucky Power/Liberty decides to exit PJM following the study referred to on page 7 of Mr. Eichler's testimony, what is the expected timeline for such exiting to become effective? This would include the earliest possible date of notice to PJM for such exiting.

Q.1-35. In the event that Kentucky Power/Liberty exited PJM, how would AEP Kentucky Transmission Company recover the revenue requirement for its assets? Would these transmission assets be rolled into Kentucky Power's retail rate base?

Q.1-36. On page 34 of Mr. Eichler's testimony, he states as follows:

"The Bridge PCA will also provide that Kentucky Power would remain a transmission owner and load serving entity for its service territory in the PJM and in AEP's Load Zone in the PJM through January 1 of the calendar year after it is no longer a party to AEP's FRR plan."

Does Liberty, and Mr. Eichler believe that Kentucky Power will no longer be included in AEP's load zone after January 1 of the calendar year after it is no longer a party to AEP's FRR plan? If so, does Liberty and Mr. Eichler believe that Kentucky Power would be able to establish its own load zone within PJM? Please provide a full explanation for your responses, including an explanation of whether the PJM Consolidated Transmission

Owner's Agreement (CTOA), Section 7.4 would no longer apply to Kentucky Power "after January 1 of the calendar year after it is no longer a party to AEP's FRR plan."

Q.1-37. Please provide any study performed by or for Liberty that addresses the expected transmission costs that would be incurred by Liberty during the 5 years following the transaction closing compared to expected transmission costs that would be incurred by Kentucky Power if it remained an AEP Operating Company. Included all supporting workpapers, including excel spreadsheets with formulas intact. If an analysis was performed covering a shorter projection period, please provide it in the alternative.

Q.1-38. Liberty has indicated it will make a decision in the near future as to whether or not to exit PJM. Should the dispatch provisions of the new Mitchell Operating Agreement account for the possibility that Kentucky Power would exit PJM while Wheeling Power Company remains in PJM? How would Liberty satisfy its NERC reliability requirements if it exits PJM?

Q.1-39. Please confirm that the Mitchell units have never been transferred among AEP affiliates at any price other than Net Book Value.

Q.1-40. Please provide Liberty's projected post-acquisition operating budget of all Kentucky Power revenues and expenses for the next five years.

Q.1-41. Please provide Liberty's projected post-acquisition capital budget for Kentucky Power for the next five years

Q.1-42. Please provide Liberty's projected post-acquisition capital structure for Kentucky Power for the next five years.

Q.1-43. Refer to the Stock Purchase Agreement at page 95 of 933.

a. Why do Kentucky Power's capital expenditures related to "Renewables" increase from $6.9 million per month beginning January 2022 to approximately $14 million per month in January 2023?

b. Please explain in detail the specific "Renewables" capital expenditures used to calculate the amounts listed on page 95.

Q.1-44. Please describe all solar projects that Kentucky Power is currently developing.

Q.1-45. When does Kentucky Power intend to submit an application to the Commission requesting a Certificate of Public Convenience and Necessity for any solar projects?

Q.1-46. Please provide the letter of intent that Kentucky Power entered into regarding building and preparing a site for an entity in connection with its 250 MW equivalent of high-capacity computing hardware.

a. Please provide an estimate of the costs that would be incurred by Kentucky Power to build and prepare the site for the entity owning the high-capacity computing hardware.

b. Please provide all analyses and studies performed by or on behalf of Kentucky Power addressing the costs and/or benefits to other ratepayers of the contemplated project?

c. Please explain the electric pricing for the entity if the high-capacity computing hardware begins operations in Kentucky Power's service territory.

d. Will the addition of the entity's high-capacity computing hardware load impact Kentucky Power's Fixed Resource Requirement obligations? If so, how?

Q.1-47. Please provide the most recent AEP fundamentals forecast.

Q.1-48. Please refer to the testimony of Mr. Swain at page 6.

a. Please provide the "long-term strategic plan" for Kentucky Power.

b. Please provide the capital and O&M budgets prepared by senior management for Kentucky Power.

c. Please provide an example of the "annual scorecard" that will used for evaluating the operations of Kentucky Power.

Q.1-49. Please refer to the Transition Service Agreement ("TSA").

a. For each month over the first 24 months post-closing, please provide the expected payment by Kentucky Power to AEPSC under the TSA.

b. Will any TSA costs be recovered in Kentucky Power's Environmental Surcharge, Purchase Power Adjustment, Decommissioning Rider, or any other non-base rate recovery mechanism? If yes, please provide the amount by month for each non-base rate recovery mechanism.

c. For each month over the first 24 months post-closing, please provide a comparison of expected costs under the TSA versus the shared service expenses paid to AEPSC which are currently reflected in rates.

Q.1-50. Refer to the definition of "transaction expenses" set forth at Appendix I-13 to the Stock Purchase Agreement, which states as follows:

"Transaction Expenses" means all fees, costs and expenses, solely to the extent that any Acquired Company has or will have any Liability in respect thereof, in each case, to the extent (a) incurred or payable in connection with the negotiation, preparation and execution of this Agreement and the Ancillary Agreements or the consummation of the transactions contemplated hereby or thereby on or prior to Closing and (b) not paid prior to the Reference Time, including, for the avoidance of doubt, (i) amounts payable to legal counsel, accountants, advisors, investment banks, brokers and other Persons advising any Seller or the Acquired Companies in connection with the transactions contemplated hereby or by any Ancillary Agreement, (ii) all bonuses and change in control payments payable in connection with the execution of this Agreement or any Ancillary Agreement or the consummation of the transactions contemplated hereby or by any Ancillary Agreement and (iii) the amount of the employer portion of any payroll, social security, Medicare, unemployment or similar or related Taxes payable with respect to the amounts set forth in the immediately preceding clause (ii).

a. Refer to the Direct Testimony of Mr. Eichler at 7, wherein he lists various commitments by "Liberty's management," including that it will "[n]ot seek recovery of the transaction premium or transaction costs in Kentucky Power's rates." Provide the definitions of the terms "transaction premium" and "transaction costs" and source the definitions to the Stock Purchase Agreement or the source that was or will be relied on to determine the scope of this commitment. If none, then so state.

b. Confirm that the term "transaction expenses" as that term is defined in the Stock Purchase Agreement does not cover "fees, costs and expenses" that are incurred before and after the acquisition date to implement the terms set forth in the Stock Purchase Agreement, (e.g. the requirement that Liberty purchase directors and officers tail insurance, among others), and/or that are incurred before and after the acquisition date to integrate the acquired companies into Liberty, (e.g., IT systems integration, local employee hiring expenses, relocation expenses, rents or other expenses/costs to acquire office space to house new local employees, removing AEP signage and replacing with Liberty signage, among others).

   i. If confirmed, then indicate whether Liberty agrees that it will not seek recovery of such "transition" and/or "integration" "fees, costs, and expenses."

   ii. If Liberty does not agree that it will not seek recovery of such "transition" and/or "integration" "fees, costs, expenses," then provide all reasons why it will not agree to do so and why these "fees, costs, expenses" should be recovered from the utility's customers.

   iii. If Liberty agrees that it will not seek recovery of such "transition" and/or "integration" "fees, costs, expenses," then provide an affirmative commitment to that effect and provide a list all such "fees, costs, and expenses" or categories of such "fees, costs, and expenses" subject to that commitment.

Q.1-51. Indicate whether the acquired Kentucky Power and/or Kentucky Transco will record an acquisition or transaction premium on their accounting books. If so, confirm that whether to record an acquisition or transaction premium on the acquired company's or the acquiring company's accounting books is at the discretion of the acquiring company pursuant to GAAP. If this is not the case, then provide a corrected statement and a copy of all authorities relied on for the corrected statement.

Q.1-52. Please provide a calculation of the estimated acquisition or transaction premium that Liberty will record on its accounting books. Provide the calculation in Excel live format with all formulas intact showing the purchase price, transaction costs, net book equity, and every other component of Kentucky Power and Kentucky Transco used to calculate the premium.

Q.1-53. Please provide a calculation of the estimated acquisition or transaction premium that Kentucky Power and Kentucky Transco will record on each of their accounting books. Provide the calculations for each of the acquired companies in Excel live format with all formulas intact showing the purchase price, transaction costs, net book equity, and every other component used to calculate the premium.

Q.1-54. For each of the rate regulated utilities previously acquired by Liberty, indicate whether the acquisition or transaction premium was recorded on the acquired company's or Liberty's accounting books.

Q.1-55. Please provide a calculation in live Excel format with all formulas intact of the book gains that will be recorded by AEP (before tax and after tax) upon the sale of its ownership in each of the acquired companies to Liberty.

Q.1-56. Describe the tax consequences to AEP of the sale of each acquired company to Liberty, including, but not limited to, the tax basis of each acquired company; calculation of the tax gain; applicable federal and state income tax rates; calculation of current income tax expense; calculation of deferred income tax expense; and calculation of ADIT by temporary difference.

Q.1-57. For each of the rate regulated utilities previously acquired by Liberty, provide a list of the commitments offered or agreed to by Liberty and a list of all additional conditions imposed by the regulatory authority.

Q.1-58. Please provide a copy of the AEP Tax Allocation Agreement.

Q.1-59. Please provide a copy of the Liberty Tax Allocation Agreement.

a. Indicate if the Liberty Tax Allocation Agreement has a provision similar to that of the AEP Tax Allocation Agreement whereby Liberty reimburses the members of the affiliate consolidated group for the income tax effect of taxable losses, thereby reducing or eliminating any net operating loss carryforward ADIT.

b. Indicate if Liberty files a consolidated US federal income tax return. If so, indicate if Kentucky Power will be a member of the affiliate consolidated group.

Q.1-60. Refer to the Direct Testimony of Mr. Eichler at 29 wherein he states: "Subject to the Commission's own views and findings, public interest in the context of a utility acquisition is first and foremost a function of the impact on customers. This includes customer rates paid for service."

a. Please provide all citations in the Joint Application and/or accompanying Direct Testimony that quantify the impact of the Liberty acquisition on customer rates. If none, then so state.

b. Please provide a copy of all analyses, studies, and comparative data to demonstrate the effect on customer rates for the number of forecast years available if the Liberty acquisition is approved and closes. Provide a copy of all Excel and/or other files in live format with all formulas intact and a copy of all other source documents relied on for your response. If none, then so state.

c. Please provide a copy of all analyses, studies, and comparative data to demonstrate the effect on customer rates for the number of forecast years available if the Liberty acquisition is not approved and/or is approved, but does not close. Provide a copy of all Excel and/or other files in live format with all formulas intact and a copy of all other source documents relied on for your response. If none, then so state.

Q.1-61. Please provide the following estimated amounts for the forecast years available, including, but not limited to, a copy of all Excel and/or other files in live format with all formulas intact and a copy of all other source documents relied on for your response:

a. Kentucky Power and Kentucky Transco non-fuel operation and maintenance expense by function and account, administrative and general expense by account, and other operating expenses by account and type of expense if the Liberty acquisition does not close. Separate the expenses into Kentucky Power and Kentucky Transco directly-incurred expenses and indirectly-incurred expenses charged by AEPSC to each of the acquired companies.

b. Kentucky Power and Kentucky Transco non-fuel operation and maintenance expense by function and account, administrative and general expense by account, and other operating expenses by account and type of expense if the Liberty acquisition closes. Separate the expenses into Kentucky Power and Kentucky Transco directly-incurred expenses, indirectly-incurred expenses charged by AEPSC to Kentucky Power and Kentucky Transco pursuant to the Transition Services Agreement, and indirectly-incurred expenses charged by Liberty and other Liberty affiliates' to Kentucky Power and Kentucky Transco.

Q.1-62. Refer to the Direct Testimony of Mr. Eichler at 38 herein he states:

At this point, however, we expect that in addition to approximately 350 existing Kentucky Power positions that will transition to Liberty, upwards of another 100 positions will be required to staff the new organization under Liberty's management. For clarity, these positions are not incremental to those providing services today, but rather are replacements for positions that currently provide services from other locations.

Please provide Liberty's analyses of the local and other Liberty affiliate staffing and related costs that will be incurred to replace the centralized services presently provided by AEPSC, including, but not limited to PowerPoint presentations, Excel spreadsheets in live format with all formulas intact, payroll costs, other overhead costs, including benefits and payroll taxes, additional rent expense, and utilities expense, etc. In addition, map the present AEPSC, AEP Transco and local Kentucky Power and Kentucky Transco organizations, functions, and staffing to the planned Liberty by (entity and location) and local Kentucky Power and Kentucky Transco organizations, functions, and staffing.

Q.1-63. Identify each Liberty entity that will provide services and charge costs to the acquired companies and describe the specific services that each entity will provide to each acquired company.

Q.1-64. Refer to the Direct Testimony of Mr. Eichler at 6 wherein he states:

Liberty will bring a strategic focus to Kentucky Power as Kentucky Power's size makes it important in Liberty's portfolio. Although in AEP's footprint it is among the smallest utilities, Kentucky Power would be among the largest in Liberty's portfolio and would receive the commensurate share of managerial attention and resources.

a. Please provide a copy of the most recent actual financial statements (balance sheet, income statement, and statement of cash flows) and forecast financial statements for all years available for Liberty without Kentucky Power (standalone) at the same level of detail as the line items on the income statement and balance sheet reflected in the FERC Form 1.

b. Please provide a copy of the proforma (based on most recent actual Liberty and Kentucky Power) financial statements and forecast financial statements for all years available for Liberty with Kentucky Power (consolidated) at the same level of detail as the line items on the income statement and balance sheet reflected in the FERC Form 1.

Q.1-65. Please provide a copy of all analyses developed by or for Algonquin and/or Liberty to value each of the acquired companies, including all Excel workbooks in live format and with all formulas intact.

Q.1-66. Describe in detail Algonquin and Liberty's (by entity) planned financing to fund the acquisition of the acquired companies (by entity).

Q.1-67. Please provide a copy of all analyses developed by or for Algonquin and/or Liberty to develop, study, and/or evaluate the financing to acquire each of the acquired companies, including all Excel workbooks in live format and with all formulas intact.

Q.1-68. Refer to the Direct Testimony of Mr. Eichler at 30 wherein he states:

To ensure this critical outcome, professionals from Liberty, Kentucky Power, and AEPSC have been engaged in transition and separation planning activities since October 27 – the day after the proposed transaction's announcement.

a. Identify and describe each of the professional teams engaged in the transition and separation planning activities.

b. Please provide a copy of all transition and separation planning documents, including overviews, goals and objectives overall and for each team and each functional area, task assignments and functions for each team and each functional area, status reports overall and for each team and each functional area, and all assessments of costs and savings developed by and/or considered overall and by each team and each functional area.

Q.1-69. Describe the present AEP and Kentucky Power generation dispatch, transmission operations center, and distribution operations center, including the physical locations, specific functions, staffing, and functions performed and/or managed at each location.

Q.1-70. Describe the planned future Liberty and Kentucky Power/Kentucky Transco generation dispatch, operation, and maintenance; transmission operations and maintenance, including any operations/dispatch center; and distribution operations and maintenance, including any operations/dispatch center; including the physical locations, specific functions, and staffing. Identify all changes from the present status, new locations or contracts with other entities to perform such functions, and the costs of the future operations compared to the cost of the present AEP and Kentucky Power/Kentucky Transco operations.

Q.1-71. Please provide a template for all AEP accounting journal entries (debit and credit) on the date of closing, including, but not limited to, all balance sheet entries, including cash, financing, and benefit plans assets and liabilities; and all income statement entries, including gains and losses; and tax entries.

Q.1-72. Please provide a template for all Kentucky Power accounting journal entries (debit and credit) on the date of closing, including, but not limited to, all balance sheet entries, including cash, financing, and benefit plans assets and liabilities; and all income statement entries, including gains and losses; and tax entries.

Q.1-73. Please provide a template for all Kentucky Transco accounting journal entries (debit and credit) on the date of closing, including, but not limited to, all balance sheet entries, including cash, financing, and benefit plan assets and liabilities; and all income statement entries, including gains and losses; and tax entries.

Q.1-74. Identify all commitments offered by Liberty to protect customers from potential cost increases due to the following:

a. Loss of economies of scale due to AEPSC provision of centralized services to Kentucky Power and Kentucky Transco.

b. Loss of benefits, including economies and/or other savings and revenues, due to the termination of AEP intercompany agreements, including, but not limited to, the AEP Credit, Inc. agreement to purchase Kentucky Power's receivables on a daily basis and the AEP Tax Allocation Agreement.

c. Increase in local employment in lieu of AEPSC provision of centralized services.

Q.1-75. Please confirm that Liberty will commit to competitively bid and source new generation and purchased power resources to meet its load requirements. If denied, then explain why Liberty is unwilling to make this commitment.

Q.1-76. Refer to various presentations wherein Algonquin and Liberty have discussed their "playbook" for extracting value from the acquisitions of Kentucky Power and Kentucky Transco.

a. Confirm that Algonquin and Liberty have publicly identified the following "plays" that it will run from the Algonquin/Liberty "playbook," including the following:

i. "Greening the Fleet" through significant ***rate base*** investments in renewables (Analyst/Investor Day 12.14.21 transcript).

ii. Improving the reliability and resiliency of the system through significant rate base investments.

iii. Abandoning AEP's use of historic test years and transitioning to forecast test years.

iv. Sharply increasing the common equity (equity ratio) used to finance rate base compared to AEP's historic levels.

v. Seeking additional revenues through riders (see Analyst/Investor Day 12.14.21 transcript).

b. Identify and describe all other "plays" that Algonquin and Liberty plan to run in order to extract value from the acquisitions of Kentucky Power and Kentucky Transco.

Q.1-77. In a December 14, 2021 presentation by Algonquin, Chief Operating Officer Anthony Johnston referred to "bringing on an estimated $2.2 billion of rate base" at the "close" of the acquisitions of Kentucky Power and Kentucky Transco in "mid-2022." This $2.2 billion figure was also cited in Algonquin's October 26, 2021 investor presentation.

a. Please provide the calculation of the $2.2 billion in rate base separated between Kentucky Power and Kentucky Transco, and with Kentucky Power separated into base, environmental surcharge, retirement rider (Big Sandy), and each other rider with rate base, if any.

b. Confirm that Liberty agreed to pay AEP $2.846 billion, including the assumption of $1.221 billion in debt. Confirm this statement means that Liberty will pay AEP $1.625 billion for its equity ownership in the acquired companies. If this is not correct, then provide a corrected statement and explain why the assertion in the question was incorrect.

c. Provide all reasons why Algonquin is willing to pay $2.846 billion for $2.2 billion in rate base.

d. Explain how Algonquin plans to recover the $646 million premium over the estimated rate base.

Q.1-78. Refer to the Stock Purchase Agreement at 4.13 NSR Consent Decree.

a. Provide a copy of the NSR Consent Decree.

b. Identify all provisions of the NSR Consent Decree that specifically relate to the Mitchell Interest and Big Sandy and that are separate and distinct from AEP systemwide compliance commitments.

Q.1-79. Please provide a copy of the Seller's Disclosure Letter.

Q.1-80. Refer to the Stock Purchase Agreement at 4.16 Existing Debt Agreements; Senior Notes.

a. Indicate which of the Kentucky Power debt issuances are subject to so-called "make-whole" provisions.

i. Provide an estimate of the fees and make-whole costs that will be incurred by issue in live Excel format with all formulas intact if the debt must be pre-paid prior to its scheduled maturity.

ii. Indicate how Kentucky Power will record the fees and make-whole costs.

iii. Indicate whether Liberty will reimburse Kentucky Power for such fees and make whole costs.

iv. Confirm that Liberty will not seek recovery of such fees and make whole costs from customers if they are incurred.

b. Indicate which of the Kentucky Transco debt issuances are subject to so-called "make-whole" provisions.

i. Provide an estimate of the fees and make-whole costs that will be incurred by issue in live Excel format with all formulas intact if the debt must be pre-paid prior to its scheduled maturity.

ii. Indicate how Kentucky Transco will record the fees and make-whole costs.

iii. Indicate whether Liberty will reimburse Kentucky Transco for such fees and make whole costs.

iv. Confirm that Liberty will not seek recovery of such fees and make whole costs from Kentucky Power customers if they are incurred.

c. Provide an estimate of the fees to obtain the consent of the lenders pursuant to existing debt agreements and senior notes in live Excel format with all formulas intact for each of the acquired companies. Indicate how each of the acquired companies will record such fees, whether Liberty will reimburse them for the fees, and confirm that Liberty will not seek recovery of such fees from customers if they are incurred.

Respectfully submitted,

/s/ Michael L. Kurtz

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