

American Electric Power Company, Inc.
Kentucky Power Company
Liberty Utilities Co.
KPSC Case No. 2021-00481
Attorney General's First Set of Data Requests
Dated January 13, 2022

DATA REQUEST

- AG 1_34** Assuming the proposed transaction is fully approved in every jurisdiction by every regulatory authority, explain whether any officers or directors of Joint Applicants will receive any bonus, compensation, stock shares and/or options, retirement matches, incentives, insurance, use of corporate-owned property or any other remuneration of any type or sort. Please identify the applicable individuals, the method of remuneration, and the cash value thereof.
- a. Reference "Confidential Excerpt from Exhibit 5," p. 8 of 17.
 1. Provide the file named "Confidential Schedule 2.13(f)(2369135.1" identified in footnote 1 on page 8 of 17.
 2. Identify the "senior management members" of KPCo or Kentucky TransCo who are parties to retention agreements.
 3. Provide all such actual retention agreements.
 4. Identify fully the source for payments under all such retention agreements.
 5. Explain whether Joint Applicants will agree to a commitment not to seek recovery of sums paid to the recipients of all such retention agreements from KPCo ratepayers. If Joint Applicants are not willing to make that commitment, explain fully why not.
 - b. Explain whether any additional Supplemental Executive Retirement Pay ("SERP") will be paid in the event the proposed transaction is approved. If so, explain whether Joint Applicants will agree to comply with Commission precedents precluding recovery of SERP expense from ratepayers. If not, why not?

RESPONSE

Once the proposed transaction receives full approval from all relevant regulatory authorities, upon closing, there will not be any remuneration or payments made to Liberty employees.

No officers or directors of AEP, or any of its affiliates, including Kentucky Power, will receive any additional compensation or other remuneration of any sort due to the approval of the proposed transaction. Nevertheless, compensation for directors and officers of AEP and its affiliates will continue to be determined discretionarily based on a variety of factors, which may or may not include consideration of any and all aspects of the proposed transaction, irrespective of whether it is completed or otherwise.

The retention agreements referenced in this discovery request will be paid irrespective of whether the proposed transaction is approved or closes.

Closing of the proposed transaction will result in the following treatment of unvested and unpaid compensation and benefits for officers and all other employees of Kentucky Power transferring to Liberty Utilities. Note that no directors of AEP or its affiliates or any officers of AEP or its affiliates, other than Kentucky Power officers, will be transferring to Liberty Utilities.

- The YTD value of short-term incentive compensation upon closing (i.e. the value prorated to reflect the partially completed year) for officers and all other employees transferring to Liberty will remain a contingent liability of Kentucky Power/Liberty Utilities post-closing. A file of these values by employee will be provided to Liberty Utilities.
- The prorated value of granted but unvested long-term incentive awards upon closing (i.e. the value prorated to reflect the partially completed vesting period for each award) will be vested upon closing and paid to participants at a target (1.0) score. The proration factor will be the number of whole months from the effective grant date that participants have worked upon closing divided by the number of whole months in each awards longest vesting period (generally 36 months for performance shares and 2022 RSUs and 40 months for pre-2022 RSUs). To the extent that any 2022-24 performance shares are granted to Kentucky Power officers and other employees who would transfer to Liberty utilities and the transaction closes before June 30, 2022, the prorated vesting of these performance units would be subject to the further approval of Liberty Utilities.
- Non-qualified deferred compensation plans will be terminated with respect to employees transferring to Liberty Utilities as of the closing date, which will result in the payment of accrued benefits as soon as practical thereafter.

- a. 1. See [JA_R_AG_1_34_ConfidentialAttachment2](#) for the requested information.
- a. 2. Please see [JA_R_AG_1_34_ConfidentialAttachment1](#) for the names of retention agreement participants.
- a. 3. Please see [JA_R_AG_1_34_ConfidentialAttachment1](#) for these retention agreements or [JA_R_AG_1_34_Attachment1](#) for a partially redacted version of them.
- a. 4. The retention payments will be made from Kentucky Power general assets.

a. 5. AEP and its affiliates, exclusive of Kentucky Power after the close, are not seeking and do not intend to seek recovery for these retention costs.

b. No additional Supplemental Executive Retirement Pay (“SERP”) will be paid in the event the proposed transaction is approved.

Witness: Stephan T. Haynes

Witness: Peter Eichler

APRIL 14, 2022 SUPPLEMENTAL RESPONSE:

a. 1. Pursuant to the Commission’s March 16, 2022 Order in this matter, see JA_SR_AG_1_34_Attachment2 for the requested information.

a. 2. Pursuant to the Commission’s March 16, 2022 Order in this matter, see JA_SR_AG_1_34_Attachment1 for the names of retention agreement participants.

a. 3. Pursuant to the Commission’s March 16, 2022 Order in this matter, see JA_SR_AG_1_34_Attachment1 for these retention agreements.

Witness: Stephan T. Haynes



Date: January 28, 2021

Subject: Retention Agreement

From: Lisa Barton, EVP & Chief Operating Officer

To: D. Brett Mattison
President & COO - KY

AEP is preparing to market Kentucky Power Company ("KPCo"), including KPCo's 50% ownership of the Mitchell Plant and the Big Sandy Plant. Management believes that you are a key employee with respect to maintaining operations while AEP prepares for the marketing and sale process. Therefore, AEP is offering a retention incentive to you pursuant to the following retention agreement.

Unless an exception applies, if

- (1) You remain employed with KPCo (or in such other position with the Company¹ as Sr. AEP Management² determine to be consistent with the purposes of this retention agreement) (a "Covered Position") through your Retention Date (as defined), **and**
- (2) You agree to release the Company from all claims allowed by law to be released (provided that such release shall not release the Company from payment of the Retention Payment, as defined, nor from the provision of pension or welfare benefits, if any, to which you may from time to time be entitled, or any Company severance and other post-employment benefit plan that Sr. AEP Management determines is applicable to you) by signing and returning the Company's standard release of all claims agreement for similarly situated positions within the time period provided for in such agreement,

then you will be paid \$200,000 less applicable withholdings (your "Retention Payment"). The Retention Payment will be paid to you following your Retention Date, and your return of a properly executed release of all claims agreement.

As used in this agreement, your "Retention Date" is the date that the sale of KPCo closes, unless there is not a definitive agreement by the Company in place to sell KPCo as of March 15, 2022. In which case, your Retention Date will be March 15, 2022. Notwithstanding the above conditions, Sr. AEP Management may, in its sole discretion, determine that your retention in a Covered Position through an earlier date will be treated as your Retention Date for purposes of this agreement.

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If the Company terminates your employment for reasons other than “for cause,” as that term is hereinafter defined, while you remain in a position subject to this agreement and prior to your Retention Date, you shall nevertheless be entitled to receive the Retention Payment, conditioned upon your execution and return to the Company of the applicable release of all claims agreement.

However, if you resign your employment in a Covered Position, or if your employment is terminated “for cause” by the Company prior to the Retention Date, you forfeit your eligibility to receive the Retention Payment.

For purposes of this retention agreement, a termination “for cause” shall refer to the: (i) failure or refusal to perform your assigned duties and responsibilities in a competent or satisfactory manner as Sr. AEP Management determines; (ii) commission of an act of dishonesty, including, but not limited to, misappropriation of funds or any property of the Company; (iii) engagement in activities or conduct injurious to the best interest or reputation of the Company as Sr. AEP Management determines; (iv) insubordination; (v) a violation of any of the material terms and conditions of any written agreement or agreements you may from time to time have with the Company; (vi) violation of any of the Company’s rules of conduct of behavior, such as may be provided in any employee handbook or as the Company may promulgate from time to time; (vii) commission of a crime which is a felony, a misdemeanor involving an act or moral turpitude, or a misdemeanor committed in connection with your employment with the Company which is injurious to the best interest or reputation of the Company as Sr. AEP Management determines; or (viii) disclosure, dissemination, or misappropriation of confidential, proprietary, and/or trade secret information.

This agreement and the amount of your Retention Payment are to be kept strictly confidential. Failure to maintain the confidentiality of this information may result in the forfeiture of all or a portion of the Retention Payment. Nothing in this retention agreement shall be construed to be a guarantee of employment for any length or duration; at all times you remain employed “at will.”

If you have any questions or concerns, please call Andy Carlin at 614-716-3417 or me at 614-716-1200.

Signed:

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Lisa Barton, EVP & Chief Operating Officer

Acknowledged:

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 1/29/2021 | 8:41 AM EST
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D. Brett Mattison Date



Date: January 29, 2021

Subject: Retention Agreement

From: Lisa Barton, EVP & Chief Operating Officer

To: Brian K. West
VP Regulatory&Finance

AEP is preparing to market Kentucky Power Company (“KPCo”), including KPCo’s 50% ownership of the Mitchell Plant and the Big Sandy Plant. Management believes that you are a key employee with respect to maintaining operations while AEP prepares for the marketing and sale process. Therefore, AEP is offering a retention incentive to you pursuant to the following retention agreement.

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then you will be paid \$80,000 less applicable withholdings (your “Retention Payment”). The Retention Payment will be paid to you following your Retention Date, and your return of a properly executed release of all claims agreement.

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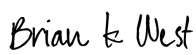
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Signed:

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Lisa Barton, EVP & Chief Operating Officer

Acknowledged:

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Brian K. West
2/1/2021 | 3:48 PM EST
Date



Date: January 29, 2021

Subject: Retention Agreement

From: Lisa Barton, EVP & Chief Operating Officer

To: Cynthia Gaye Wiseman
VP Ext Affairs&Cust Svcs

AEP is preparing to market Kentucky Power Company ("KPCo"), including KPCo's 50% ownership of the Mitchell Plant and the Big Sandy Plant. Management believes that you are a key employee with respect to maintaining operations while AEP prepares for the marketing and sale process. Therefore, AEP is offering a retention incentive to you pursuant to the following retention agreement.

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Signed:

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Lisa Barton, EVP & Chief Operating Officer

Acknowledged:

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Cynthia Gaye Wiseman
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Date



Date: January 29, 2021

Subject: Retention Agreement

From: Lisa Barton, EVP & Chief Operating Officer

To: Everett G Phillips
VP Dist Region Opers

AEP is preparing to market Kentucky Power Company ("KPCo"), including KPCo's 50% ownership of the Mitchell Plant and the Big Sandy Plant. Management believes that you are a key employee with respect to maintaining operations while AEP prepares for the marketing and sale process. Therefore, AEP is offering a retention incentive to you pursuant to the following retention agreement.

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Signed:

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Lisa Barton, EVP & Chief Operating Officer

Acknowledged:

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Everett G. Phillips
2/2/2021 | 3:25 PM EST
Date



Date: January 28, 2021
Subject: Retention Agreement
From: Lisa Barton, EVP & Chief Operating Officer
To: Paul J Massie
Plant Mgr Big Sandy

AEP is preparing to market Kentucky Power Company ("KPCo"), including KPCo's 50% ownership of the Mitchell Plant and the Big Sandy Plant. Management believes that you are a key employee with respect to maintaining operations while AEP prepares for the marketing and sale process. Therefore, AEP is offering a retention incentive to you pursuant to the following retention agreement.

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Page 2

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If you have any questions or concerns, please call Andy Carlin at 614-716-3417 or me at 614-716-1200.

Signed:



Lisa Barton, EVP & Chief Operating Officer

Acknowledged:



Paul J. Massie

2/2/2021

Date



Date: January 28, 2021
Subject: Retention Agreement
From: Lisa Barton, EVP & Chief Operating Officer
To: Douglas J Rosenberger
Plant Mgr Mitchell

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then you will be paid \$110,000 less applicable withholdings (your "Retention Payment"). The Retention Payment will be paid to you following your Retention Date, and your return of a properly executed release of all claims agreement.

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Signed:



Lisa Barton, EVP & Chief Operating Officer

Acknowledged:

 2/15/21

Douglas J. Rosenberger Date

[Schedule 2.13(f) provided confidentially]

List of Employees of the Acquired Companies Who are Parties to Retention Agreements

D. Brett Mattison¹, President and COO

Brian K. West, VP, Regulatory & Finance

Cynthia Gaye Wiseman, VP External Affairs & Customer Services

Everett G. Phillips, VP Distribution Regional Operations

Paul J. Massie, Plant Manager, Big Sandy

Douglas J. Rosenberger, Plant Manager, Mitchell

¹ Mr. Mattison will not remain with Kentucky Power post-Closing.