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**

SUPPLEMENTAL 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.2-1. In Case No. 2011-00124, the Applicants, including Duke Energy Kentucky ("DEK"), sought approval of revisions to certain affiliate agreements pursuant to the requirements of KRS 278.2207, as described by DEK in its Application and recapped by the Commission in its Order in that case as follows:

> Duke Kentucky and many of its affiliates are parties to Commission-approved service agreements that permit transactions to occur between the parties under defined pricing terms and conditions. The Applicants are requesting approval of revisions that reflect the addition of Progress as a party to the following affiliate agreements: (1) Service Company Utility Service Agreement; (2) Operating Companies Service Agreement; (3) Utility Money Pool Agreement; (4) Intercompany Asset Transfer Agreement; and (5) Tax Sharing Agreement.

a. Provide a list of all existing Kentucky Power Company affiliate agreements, including any agreements that already have been terminated in anticipation of the sale of the Company. For each agreement that already has been terminated or is in the process of termination, describe what actions were or will be taken to terminate the agreement and all filings made or that will be made with the Commission, other state commissions, and/or the FERC to terminate or revise the agreement.

b. Refer to the response to part (a) of this question. Provide a copy of each existing Kentucky Power Company affiliate agreements, including all agreements that already have been terminated or are in the process of termination in anticipation of the sale of the Company.

c. Refer to the response to part (a) of this question. Identify each agreement that has been approved by the Commission. Provide a case reference to the most recent approval for each approved affiliate agreement.

d. Refer to the response to part (a) of this question. Indicate if Kentucky Power Company and/or the Joint Applicants seek approval to terminate any or all of the existing affiliate agreements. If not, explain why not. If so, provide a list of all agreements that have been or will be terminated and provide a reference to the request(s) in the Application and/or witness testimonies.

e. Indicate if Liberty and/or the Joint Applicants in this proceeding seek approval of any new affiliate agreements. If not, explain why not. If so, list all affected agreements, provide a copy of each of the agreements, and provide a reference to the request(s) in the Application and/or witness testimonies.

f. If not provided in response to part (e) of this question, provide a copy of each new affiliate agreement between Kentucky Power Company and each other Liberty affiliate.

Q.2-2. Refer to the response to KIUC 1-7 wherein the Applicants assert that they "have not performed any analysis responsive to the request" and state that "[a] the Joint Applicants do not intend to seek recovery of the transaction costs from Kentucky customers, the cost of the acquisition will have no customer impact.

a. Confirm that Brian West, who responded to this request, is an employee of Kentucky Power Company, not Liberty. Confirm further that Mr. West does not speak for Liberty and cannot make any commitments on behalf of Liberty at this time.

b. Confirm that Liberty will incur transition and/or integration costs, such as standing up one or more new control centers for distribution and transmission dispatch and operation, acquiring and implementing IT systems, officers and directors tail insurance, among others.

c. Confirm that Liberty agrees that it will not seek recovery of such transition and/or integration costs. If denied, then confirm that the acquisition will have a customer rate impact and provide an analysis of the customer rate impact. Provide all assumptions, data, source documents and materials, and all calculations in live Excel format with all formulas intact.

Q.2-3. Refer to the response to KIUC 1-8 wherein the Applicants state that they did not perform a comparative rate analysis.

a. Indicate whether Liberty performed a rate forecast using a financial model or other methodology. If so, then describe the rate forecast and the basis for the forecast and provide a copy of all such analyses in live Excel format with all formulas intact, along with all assumptions, data and source documents and all other materials relied on for this purpose.

b. Confirm that to the extent Liberty incurs transition and/or integration costs in 2023, then these costs will reduce the Company's per book return on equity and reduce the fixed costs savings from the termination of the Rockport UPA that otherwise will flow through the PPA rider and inure to the Company's customers in 2023.

c. Indicate if Liberty is willing to forego the recovery of the transition and/or integration costs through the PPA rider rates in 2023. If not, provide all reasons why not.

d. Refer to the Commission's Order in Case 2020-00174 wherein it states:

> Therefore, the Commission finds that Kentucky Power's request to amortize the Rockport regulatory asset over five years beginning in 2022 for recovery through Tariff PPA is premature at this time, and the Commission will defer the determination of the appropriate amortization period and recovery mechanism to a subsequent matter the Commission will initiate on its own motion. As part of this subsequent matter, the Commission will also review and clarify items related to provisions of the final Order in Case No. 2017-00179 regarding Kentucky Power's ability to use the savings from the expiration of the Rockport UPA to earn its Commission-approved ROE in calendar year 2023.

i. Confirm that Liberty is aware of the Commission's plan to "review and clarify items related to . . . Kentucky Power's ability to use the savings from the expiration of the Rockport UPA to earn its Commission-approved ROE in calendar year 2023."

ii. Confirm that Liberty is aware that if it does not agree to forego the recovery of the transition and/or integration costs, that this may be an area the Commission may "review and clarify" in a subsequent matter if it does not do so in this proceeding.

Q.2-4. Refer to the Company's response to KIUC 1-16.

a. Confirm that Liberty is aware that the Company historically has incurred tax losses and that AEP has compensated the Company for the tax effect of the tax losses through the AEP Tax Agreement for the asset NOL ADIT that otherwise would be recorded on the Company's accounting books.

b. Confirm that the Company will not be compensated in the same manner or in any manner by Liberty for the tax effects of the Company's tax net operating losses that are carried forward.

c. Confirm that if the Liberty acquisition closes, the Company will record asset NOL ADIT amounts if it incurs tax net operating losses that are carried forward. If this is correct, then confirm that this will result in an increase in the Company's future revenue requirements if the NOL ADIT is included in rate base. If denied, then explain why this is not correct.

d. Indicate whether Liberty is willing to hold harmless the Company's customers from the increase in the revenue requirement if there is an NOL ADIT. If not, explain why it is not willing to do so.

Q.2-5. Refer to the Company's response to KIUC 1-18.

a. Confirm that the Company's sale of its receivables to AEP Credit, Inc. was the equivalent of financing with low-cost short-term debt on a recurring basis and that this provided savings to customers.

b. Confirm that the Company is in the process of terminating this agreement.

c. Confirm that Liberty does not plan to sell the Company's receivables if it acquires the Company.

d. Indicate whether Liberty is willing to hold harmless the Company's customers from the increase in the revenue requirement from the termination of this agreement or the failure to enter into a substantially similar agreement with another entity. If not, then provide all reasons why not. If so, describe how it would structure such a hold harmless, e.g., using short term debt to finance the receivables, and describe how it would ensure that the use of this form of financing would not impinge on or reduce short term debt that otherwise would be used on a recurring basis for other purposes.

Q.2-6. Refer to the responses to KIUC 1-22 and 1-23, which sought copies of the Bridge Power Coordination Agreement ("Bridge PCA") and the New Power Sale Agreement, respectively, and related information. The Joint Applicants responded that they "have not yet executed" the Agreements.

a. Provide the most recent drafts of these Agreements.

b. Explain how the Commission can find the Liberty acquisition of the Company in the public interest if it does not have these two agreements, cannot review the terms and conditions, or make any assessment of the costs or benefits of these agreements.

Q.2-7. Refer to the response to KIUC 1-35. Provide a description of the AEP Kentucky Transmission Company's costs that are charged to the Company and how the Company recovers these expenses from its customers.

Q.2-8. Refer to the response to KIUC 1-40. Provide the Company's operating and capital budgets and financial model forecasts for 2022 through 2031 at the FERC account level or most detailed level available.

Q.2-9. Refer to the response to KIUC 1-42 and Liberty's plan to increase the common equity level to 45% and "remain at that level." Define the period of time that Liberty plans to leave the equity level at 45%. Indicate whether the Company is agreeable to a commitment to that effect. If not, explain why it is not.

Q.2-10. Refer to the response to KIUC 1-48(b). Neither the Company nor Liberty provided the information requested. Provide the requested information.

Q.2-11. Refer to the response to KIUC 1-50(b). Explain why the Company will not agree to hold harmless customers from the incremental transition and/or integration costs that it would not incur but for the proposed and/or actual acquisition. Such costs include, but are not limited to, IT integration costs, warranties and representations insurance, directors and officers tail insurance, removal of AEP signage and replacement with Liberty signage, accounting and other internal and external costs to transition from AEPSC services to standalone services, among others.

Q.2-12. Refer to the response to KIUC 1-52, which refers to the response to KIUC 1-65. Neither response provides the information requested. Provide the requested information.

Q.2-13. Refer to the response to KIUC 1-53. Confirm that the Company will not record transaction costs on its accounting books and that such costs will be recorded on Liberty's accounting books. If confirmed, then explain why Liberty is willing to record the transaction costs on its accounting books and hold the Company's customers harmless from such costs, but is not willing to hold the Company's customers harmless from the incremental transition and/or integration costs that it would not incur but for the proposed and/or actual acquisition.

Q.2-14. Refer to the responses to KIUC 1-55 and 1-56 wherein "counsel" asserted an objection on behalf of the "Joint Applicants" to providing information on AEP's accounting for the gain on the sale of the Company and Kentucky Transco to Liberty and the tax consequences of the sale, respectively.

a. Explain Liberty's interest in objecting to this request for AEP specific information.

b. Identify the "counsel" objecting to these responses and the party "counsel" represents in this proceeding.

c. Identify all counsel representing the Applicants in this proceeding. For each firm, identify the specific client the firm represents and in what capacity and scope of representation.

Q.2-15. Refer to the response to KIUC 1-58, which asked for a copy of the AEP Tax Allocation Agreement.

a. Explain Liberty's interest in objecting to this request for AEP specific information.

b. Identify the "counsel" objecting to these responses and the party "counsel" represents in this proceeding.

c. Explain why "counsel" believes that the loss of the reimbursement by AEP to the Company for the tax effect of net operating losses is "outside the scope of this proceeding" when it is an identifiable cost to the Company and a potential harm to customers. Identify each attorney making this claim and assessment as "counsel."

d. Indicate if "counsel" is aware that the Company provided a copy of the AEP Tax Allocation Agreement in response to AG-KIUC discovery in Case 2021-00421 and that it is otherwise publicly available in various forums.

Q.2-16. Refer to the response to KIUC 1-59, which states that Liberty does not have a tax allocation agreement in place.

a. Explain why Liberty does not have a tax allocation agreement.

b. Explain how the Commission will be able to review and assess the tax treatment that will be afforded the Company if the acquisition closes and it is no longer a member of the AEP affiliate group or subject to the AEP Tax Allocation Agreement.

c. Indicate if Liberty plans to draft and execute a tax allocation agreement. If not, explain why not.

d. Describe the Liberty tax allocation process, including the inputs and outputs, given that there is no writing to document it. Provide an illustration of the tax allocation, including the inputs and outputs, and identify the sources of the inputs and the accounting for the outputs.

e. Confirm that the Liberty tax allocation process does not include reimbursement of the tax effects of net operating losses of the Liberty subsidiaries, which will include the Company if the acquisition closes.

Q.2-17. Refer to the response to KIUC 1-61(a). Confirm that it is Mr. West's testimony that the Company does not have the budget and forecast information requested. If this is not correct, then provide the information that was requested.

Q.2-18. Refer to the response to KIUC 1-61(b). Confirm that it is Mr. Eichler's testimony that Liberty has not prepared a financial forecast of the Company's operating expenses. If this is not correct, then provide the information that was requested.

Q.2-19. Refer to the response to KIUC 1-62.

a. List each of the "existing facilities" that will be used to house the additional 100 local employees if the Liberty acquisition closes.

b. Refer to the response to part (a) of this question. Identify the positions that will be housed in each of the "existing facilities."

c. Describe the additional infrastructure that will be required in each of the "existing facilities" to house the additional employees.

Q.2-20. Refer to the response to AG 1-40(d) wherein it states: "As reflected in the attachment provided in response to part (b), Liberty's preliminary analysis estimates that Kentucky Power will receive approximately $3.2 million of costs from APUC." No attachment was cited or provided in the response to part (b). Provide the referenced attachment.

Q.2-21. Refer to the response to AG 1-40(j) regarding asset transfers between the Company and Kentucky Transco. Provide a description of whether and under what circumstances ownership and/or operation of existing assets will or could be transferred from the Company to another Liberty affiliate, especially, but not limited to, general and other plant assets that will be used by the former Company employees that will become employees of Liberty Utilities Service Corp. ("LUSC"). LUSC "will employ all the employees of Kentucky Power Company," according to the response to KIUC 1-63.

Q.2-22. Refer to the CAM provided in response to AG 1-40(a), which states in part at 25-26:

> APUC or LUC will make capital investments such as corporate headquarters, IT systems, etc. that benefit the various operating businesses. The costs of these investments may be distributed monthly in the form of an intercompany operating expense charge, that captures the depreciation expense and cost of capital associated with the particular assets, or an alternate method of capital allocation based on the particular needs of the project . . .

a. Confirm that under the Company's present CAM, AEPSC allocates actual interest expense to the Company, but does not calculate and allocate a hypothetical "cost of capital," such as the Company's cost of capital grossed up for income taxes.

b. Provide the calculation templates that are and will be used by APUC and LUC to calculate their costs of capital, including the capital structures and costs of each capital components, as well as any income tax gross-up for such charges to their affiliates and that will be used for charges to the Company if the acquisition closes.

c. Confirm that LUSC also will charge a cost of capital to the Company. If confirmed, identify where in the CAM this charge is described. In addition, provide the calculation templates that are and will be used by LUSC to calculate their costs of capital, including the capital structures and costs of each capital component, as well as any income tax gross-up for such charges to their affiliates and that will be used for charges to the Company if the acquisition closes.

Q.2-23. Refer to the response to KIUC 1-64(b). Confirm that it is Mr. Eichler's testimony that Liberty has not developed a forecast of the proforma financial statements of the Company if the acquisition closes. If this is not correct, then provide the information that was requested in the level of detail available, if not available at the FERC account level of detail.

Q.2-24. Refer to the response to KIUC 1-66.

a. Confirm that a portion of the actual and/or planned funding by Liberty for the acquisition of the Company's common equity will consist of short-term debt and/or long-term debt. The response to KIUC 1-66 referenced the response to Staff 1-23, which provided a list of potential funding sources in addition to the $620 million in equity financing, but did not set forth a specific plan for the remaining $1 billion or more to finance the purchase. If confirmed, provide the actual and/or planned debt funding of the purchase price between the two types of debt financing and the costs of each type of debt financing.

b. Confirm that to the extent Liberty uses debt to finance a portion of its acquisition of the Company's common equity, the interest expense on that debt will be a deduction for US income tax purposes. If this is not correct, then provide a corrected statement and an explanation as to why it was necessary to correct the statement.

c. To the extent that Liberty uses debt to finance a portion of its acquisition of the Company's common equity, will Liberty agree as a condition to the merger to provide the Company's customers some or all of the income tax savings due to the interest expense deduction related to that debt as a reduction to the revenue requirement? If not, explain why not.

Q.2-25. Refer to the Company's response to KIUC 1-68(a). The response listed the functional areas, but did not provide the information specifically requested in the question. Provide the information requested.

Q.2-26. Refer to the Company's response to KIUC 1-68(b). AEP objected, but Liberty did not object; yet, Liberty failed to provide the requested information. Provide the information requested.

Q.2-27. Refer to the response to KIUC 1-71, which seeks an accounting 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. The Joint Applicants objected, but stated that "the requested journal entries have not been prepared."

a. Describe what interest Liberty has in objecting to a request directed to AEP for a template of its accounting entries if the acquisition closes.

b. The witness responsible for the objection and response is identified as Allyson Keaton. Provide Ms. Keaton's employer and position and a brief description of her responsibilities, including the scope of her personal involvement and/or knowledge as to the status of or development of a template for the AEP accounting entries.

c. Identify the person(s) who determined and claim that the request is outside the scope of this proceeding and provide the basis for that determination.

d. The question did not ask for the actual journal entries, but rather asked for a template for the journal entries. Provide the information requested or state, if correct, that AEP has not considered and/or developed a template for the accounting entries.

Q.2-28. Refer to the response to KIUC 1-71, which seeks an accounting template for all Kentucky Power Company 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. The Joint Applicants objected, but stated that "the requested journal entries have not been prepared." The question did not ask for the actual journal entries, but rather asked for a template for the journal entries. Provide the information requested or state, if correct, that neither AEP, on behalf of Kentucky Power Company, nor the Company itself, has considered and/or developed a template for the accounting entries.

Q.2-29. Refer to the response to KIUC 1-76(a)(ii), which states:

> In the course of its due diligence work, Liberty established that Kentucky Power's ratio of annual capital additions to depreciation expense is substantially below those of other large utilities and is substantially below the 2.0 multiple that is seen in the industry as a minimal measure of capital replenishment for a power utility. At the same time, Liberty's due diligence work saw that Kentucky Power's reliability is substantially below the industry standards and aside from the most recent year, has shown a declining trend. Assessing these two observations in tandem, Liberty made a working assumption that capital underinvestment is a driver behind Kentucky Power's reliability performance, and is an area Liberty intends to explore further.

a. Provide a non-confidential copy of the referenced analyses and all other analyses developed by or for Liberty that demonstrate a history of "capital underinvestment" and the effects of such underinvestment on reliability and/or maintenance expenses.

b. Confirm that the distribution maintenance expense per customer compared to other large utilities may provide demonstrate the effects of "capital underinvestment" and a potential tradeoff between lower investment that results in greater expense. Indicate if Liberty has made an assessment of this metric either in its due diligence or consideration of the capital investment that will be required to make up for the prior underinvestment and the potential savings in such expense if it makes the additional capital investment. If so, then provide all such analyses and assessments.

c. Provide Liberty's assessment of the additional capital investment that will be required to make up for the prior underinvestment.

Q.2-30. Refer to the Application in this proceeding at pdf 517, which is the liability side of the Company's balance sheet at December 31, 2020 and December 31, 2019 in its 2020 Annual Report. The common equity shown at December 31, 2020 is $823 million.

a. Confirm that Liberty agreed to pay AEP $2,846 million for the Company and the Kentucky Transco, including the assumption of $1,200 million in long-term debt, pursuant to the terms set forth in the Stock Purchase Agreement attached as Exhibit 5 to the Application in this proceeding.

b. Confirm that Liberty agreed to pay $1,646 million for the Company's and Kentucky Transco's common equity.

c. Provide a calculation of the acquisition premium for the common equity of each Company in live Excel format with all formulas intact.

Q.2-31. Refer to the Excel attachment analysis provided in response to Staff 1-17. Refer further to the worksheet tab entitled "Incoming Project Costs" and to the costs in cell column C, which are described as "2020 Total" costs. Refer also to page 307.1 of the 2020 AEPSC FERC Form 60 at line 9, which shows $70.442 million in total costs charged in 2020 to KPCo.

a. Provide a copy of the data source(s) for the "2020 Total" costs identified by category in the Excel attachment analysis provided in response to Staff 1-17.

b. Indicate whether these "2020 Total" costs were all charged by AEPSC to KPCo during 2020, or whether they are a combination of AEPSC charges and KPCo directly incurred costs. If the response is different for different cost categories depicted, explain.

c. Indicate whether the "2020 Total" costs represent all costs, including O&M expenses, capital costs, and other costs as also depicted as KPCo charged amounts in the 2020 FERC Form 60 at page 307.1 line 9 or whether they represent only O&M expenses.

d. Refer to cell row 12 in the referenced "2020 Total" costs column, which shows a $14.421 million credit for "Mitchell Plant Co-Ownership Credit." Describe what this credit is and whether it relates only to AEPSC charges to KPCo or whether it relates to a combination of AEPSC charges and KPCo directly incurred costs. In addition, provide all support and a copy of the source document(s) relied on for the amount of this credit. If it is based on a calculation, provide the calculation in live Excel format with all formulas intact and annotated to the source documents and assumptions relied on for the inputs to the calculation.

e. Refer to cell row 12 in the referenced "2020 Total" costs column, which shows a $14.421 million credit for "Mitchell Plant Co-Ownership Credit." Explain how this credit amount removes well over 90% of the generation-related costs depicted in cell rows 6-11.

f. Refer to cell row 34 in the referenced "2020 Total" costs column, which shows a \$1.667 amount of costs in 2020 incurred for "Kentucky Leadership". Describe this category of costs and explain why it is assumed that this cost will be reduced to \$0 post acquisition.

g. Refer to cell row 36 which depicts the grand total of all "2020 Total" costs to be \$69.607 million after reduction for the \$14.421 million credit for the "Mitchell Plant Co-Ownership Credit" in cell row 12. Without this credit the grand total of all the "2020 Total" costs would be \$84.029 million. Reconcile the \$69.607 million and \$84.029 million amounts with the \$70.442 million in total costs charged to KPCo from AEPSC as depicted in the 2020 AEPSC FERC Form 60.

Q.2-32. Refer to the Excel attachment analysis provided in response to Staff 1-17. Refer further to the worksheet tab entitled "Incoming Project Costs" and to the costs in cell columns C and D, which are described as "2020 Total" and "Direct cost incurred/allocated to Opco" costs, respectively. Finally refer further to the costs in column D which are either 50% or 75% of the "2020 Total" costs for cell rows 7,8,11,15,17,18,22, and 28. For each category of costs in the referenced cell rows individually, provide all support for the percentages under Liberty ownership compared to the costs incurred under AEP ownership.

Q.2-33. Refer to the Excel attachment analysis provided in response to Staff 1-17. Refer further to the worksheet tab entitled "Allocation Summary", which shows allocated costs to Liberty Utilities affiliates prior to and subsequent to the addition of the proposed acquired affiliates including KPCo.

a. Indicate whether the depicted costs represent all costs, including O&M expenses, capital costs, and other costs to be charged to affiliates or whether they represent only O&M expenses.

b. Indicate whether the depicted costs represent all "Corporate Services" costs as depicted on the worksheet tab entitled "Incoming Project Costs" in the same Excel file and do not also include generation and transmission related services.

Q.2-34. This request is directed solely to Liberty. Refer to the confidential Liberty (not shared with AEP) response to AG 1-63 at 80-82 and the last column of the table at 81-82. For each item on the table, confirm a) that Liberty's assessments are correct and b) that Liberty has the option indicated in the last column of the table at 82-82. For each item on the table, indicate the option that Liberty has or will elect and provide the cost and the related savings if it elects to proceed. In addition, provide all supporting documentation relied on for the assessments and all quantifications of the potential cost if it elects to proceed.

Q.2-35. Refer to the attachment to the response to AG 1-80(b). Provide a more detailed schedule that shows each debt issue presently outstanding and expected to be outstanding at the date of closing. For each debt issue, indicate if Liberty will be required to refinance it, and, if so, what the make whole premium and other costs will be to do so and the savings in or additional interest expense Liberty expects that it will incur on an annualized basis for each of the next ten years, if any.

Q.2-36. Refer to the response to KIUC 1-31. Will the proposed Bridge PCA provide KPCo similar, offsetting protection from other over performing units of the AEP Operating Companies in the event of a KPCo capacity underperformance? If so, describe in detail. If not, explain why it will not.

Q.2-37. Provide an estimate of the current cost to insure a capacity underperformance and explain how such insurance is priced (i.e., is it priced on a $/kW basis).

Q.2-38. Refer to the Application at 9 wherein it references "approval of the amended Mitchell Plant Ownership Agreement." Confirm that there is no "amended" Mitchell Plant Ownership Agreement and that this is an error in the Application.

Q.2-39. With respect to the $11 million incurred in the spring and winter of 2020 and the $75 million incurred in winter 2021 to repair the system and restore service in response to severe weather and storms, provide a copy of all analyses, root causes, and/or all other critiques performed by or for the Company that address the scope of physical damages, cost to repair the system and restore service, and/or proposals and/or recommendations to minimize such storm damages in the future. If no such analyses were performed, then describe why the Company did not engage in any self-assessments or third-party assessments.

Q.2-40. Describe all actions taken by each of the major credit rating agencies with respect to the Company's debt subsequent to the announcement last year that AEP had entered into an agreement to sell the Company to Liberty. Indicate whether the rating agencies considered the sale to Liberty credit negative or credit positive. Cite and provide a copy of all relevant credit rating agencies releases and/or reports.

Q.2-41. Provide a list of and describe all insurance policies and/or coverage provided by all "captive insurers" obtained by AEP and/or AEPSC to insure or reinsure the Company's risk exposures. Confirm that each of the policies/coverages will cease on or before the closing. Provide the annual cost to the Company for each such policy/coverage. Provide a list of and describe the insurance policies/coverage that will be obtained by Liberty for each of the Company's risk exposures and the forecast annual cost to the Company for each such policy/coverage.

Q.2-42. Provide the per books common equity for the Company and the Kentucky Transco at December 31, 2021.

Q.2-43. Please provide the most recent monthly bill for the Unit Power sale from Rockport Units 1 and 2.

Respectfully submitted,

/s/ Michael L. Kurtz

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