COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF)	
AMERICAN ELECTRIC POWER CO. INC.,)	
KENTUCKY POWER CO. AND LIBERTY)	CASE NO.
UTILITIES CO. FOR APPROVAL OF THE)	2021-00481
TRANSFER OF OWNERSHIP AND CONTROL)	
OF KENTUCKY POWER CO.)	

ATTORNEY GENERAL'S SUPPLEMENTAL DATA REQUESTS

The intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ["OAG"], submits the following Supplemental Data Requests to American Electric Power Co. Inc. ["AEP"], Kentucky Power Co. ["KPCo" or "the Company"] and Liberty Utilities Co. ["Liberty"][hereinafter jointly referenced as "Joint Applicants"] to be answered by the date specified in the Commission's Orders of Procedure, and 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 request 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. The OAG can provide counsel for Joint Applicants with an electronic version of these questions, upon request.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the Companies receive or generate 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, request clarification directly from Counsel for OAG.
- (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, identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.
- (9) If the Companies have objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify counsel for OAG as soon as possible.
- (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 Companies, 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.
- (15) 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.

(16) Additional Definitions:

- a. "And" and "or" should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.
- b. "Each" and "any" should be considered to be both singular and plural, unless specifically stated otherwise.
- c. "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.
- d. "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.
- e. "Kentucky Power Company," "Kentucky Power," and "KPCo" means Kentucky Power Company and/or any of their officers, directors, employees, or agents who may have knowledge

of the particular matter addressed, and also refers to the entity referenced on Application Exhibit 6, page 3 of 5, as "Kentucky Power Utility (KY)."

- f. "AEP Kentucky Transmission Company" or "Kentucky Transnoo" or "Kentucky TransCo" means Kentucky Transmission Company, Inc., as identified on Application Exhibit 6, page 3 of 5.
- g. "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.
- h. "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. ("APUC") and/or any of their officers, directors, employees, or agents who may have knowledge of the particular matter addressed.
- i. "Liberty Utilities Service Corporation" ("LUSC") is the service corporation for Liberty's U.S.-based utilities. For purposes of these questions, the term LUSC shall also include Liberty Algonquin Business Services ("LABS"), and Liberty Utilities (Canada) Corp. ("LUCC").
- j. "Commission" means the Kentucky Public Service Commission.

Respectfully submitted,

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Certificate of Service

Pursuant to the Commission's Order dated July 22, 2021 in Case No. 2020-00085, and in accord with all other applicable law, Counsel certifies that an electronic copy of the forgoing was served and filed by e-mail to the parties of record.

This 4th day of February, 2022

All

Assistant Attorney General

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- 1. Discuss Liberty's net-zero target for Scope 1 and Scope 2 emissions by 2050.
- 2. Please acknowledge that the Kentucky Commission, "has long recognized that the principle of least cost is one of the fundamental foundations utilized when setting rates that are fair, just, and reasonable and that principle is embedded in KRS 278.020(1)." See Case No. 2012-00578 at 16.
 - a. Given Liberty's commitment and corporate policies in favor of "greening the fleet" and its private emission goal of net-zero emissions by 2050, confirm that, if the proposed transaction is approved, Liberty through Kentucky Power will continue to utilize natural gas and/or other fossil fuels where those fuel selections are of the least cost to the ratepayer.
- 3. Provide the date when KPCo anticipates it will seek recovery of the storm damages expenses at issue in Case Nos. 2021-00129 and 2021-00135. Provide also the amounts KPCo will seeking to recover in those regulatory assets, in each docket.
- 4. Reference the response to AG-DR-1-25, which states:

"The attached file, JA_R_AG_1_25_ConfidentialAttachment1.xlsx, provides a preliminary scenario of what Liberty believes should be explored for Kentucky Power's service territory from the perspective of augmenting and/or replacing the winding down fossil generation with renewable sources. Should the transaction be approved, Liberty will ensure that any such scenario of future integration of renewables or any other form of generation is studied in the Integrated Resource Planning process and will follow the requisite approvals processes. Overall, Liberty will look to bring benefits to Kentucky Power customers by utilizing similar experiences, such as replacing fossil generation with renewable generation following our successful Customer Savings Plan project within our Empire Electric utility where the company replaced 200 MW of uneconomic fossil generation with 600 MW of wind, while generating a long-term cost savings for Empire's customers."

- a. Provide references for all dockets in which the Empire project and associated customer savings were discussed and/or approved by the Commission of the relevant jurisdiction.
- b. Regarding all Liberty electric utilities, provide the residential, commercial and industrial rates;
 - (1) one year before Liberty acquired each such utility,
 - (2) one year after the acquisition was approved, and

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- (3) three years after the acquisition was approved.
- 5. Reference the response to AG-DR-1-83, and to any other sources Joint Applicants wish to reference. Provide all plans Liberty has regarding KPCo's Big Sandy gas-fired generating station.
 - a. Explain the meaning of the phrase on p. 3 of the Seller's Disclosure Agreement, "Assignment or amendment as applicable of existing Generation Interconnection Agreements for Big Sandy and Mitchell."
 - b. Provide Liberty's projected retirement date for the Big Sandy gas plant.
- 6. Reference the North American Electric Reliability Corporation (NERC)'s "2021 Long-Term Reliability Assessment," dated December 2021, accessible at the link in the footnote below. Confirm the following statements in the Executive Summary, pp. 5-6:

"Prioritizing reliability during the grid's transformation and as governmental policies are developed will support a transition that assures electric reliability in an efficient, effective, and environmentally sensitive manner. However, recognition of the challenges that the system faces during this transition requires action on key matters. Natural gas is the reliability "fuel that keeps the lights on," and natural gas policy must reflect this reality. . . . The shift to more and more inverter-based resources (IBR) brings unique opportunities but also integration challenges that can and must be addressed to assure continued reliability. This is not an argument against the transition but a recognition that, without a collective focus, system reliability faces risk that is inconsistent with electric power's essentiality to the continent's economy as well as the health and safety of its population. . . . Energy risks emerge when variable energy resources (VER) like wind and solar are not supported by flexible resources that include sufficient dispatchable, fuel-assured, and weatherized generation. ... Sufficient flexible resources are needed to support increasing levels of variable generation uncertainty. . . natural-gas-fired generation will remain a necessary balancing resource to provide increasing flexibility needs. Resource planning and policy decisions must ensure that sufficient balancing resources are developed and maintained for reliability."

a. Explain whether Liberty agrees or disagrees with NERC's conclusions.

¹ https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERC_LTRA_2021.pdf (Last accessed February 2, 2022).

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- 7. Reference Joint Applicants' responses to AG-DR-1-25 and AG-DR-1-26.
 - a. Confirm that AG-DR-1-25 inquired regarding any plans Joint Applicants may have to expand use of renewable fuels in KPCo's generation portfolio.
 - b. Confirm that AG-DR-1-26 inquired regarding any plans Joint Applicants may have to enhance and / or expand their procurement of gas as an electric generation fuel.
 - c. Explain in complete detail how it is possible to speculate in the response to AG-DR-1-25 when it comes to use of renewable fuels, but it is not possible to speculate in response to AG-DR-1-26 when it comes to use of natural gas.
- 8. Reference the response to AG-DR-1-8, Attachment_Fitch-APUC-LUCo_RAC_KPCo Acquisition_2021-10-28, p. 4, wherein the following statement appears:

"Despite these opportunities, LUCo would face some potential challenges in improving Kentucky Power's operations. Fitch considers Kentucky Power's service territory to be economically depressed due to a historical reliance on coal mining. Kentucky Power's credit metrics have weakened significantly over the past couple years due to a large capex plan, a rate freeze through January 2022 and effects of the coronavirus, all of which contributed to a low earned ROE. Fitch expects Kentucky Power's financial metrics to improve in 2023 following the expiration in 2022 of the Rockport power purchase agreement and other financial and operational changes LUCo may implement."

- a. Has Liberty's management toured the length of KPCo's service territory by motor vehicle?
- b. Does Liberty agree with Fitch that KPCo's service territory is economically depressed? If not, why not?
- c. Does Liberty agree with Fitch that KPCo's credit metrics have weakened significantly due to a large capex plan? If Liberty does not agree, explain fully why not.
- d. Does Liberty admit or deny that it intends to impose yet another large capex plan on KPCo ratepayers? Explain fully.
- e. What steps will Liberty take to improve KPCo's financial metrics?
- 9. Reference the response to AG-DR-1-8, Attachment_Fitch-APUC-LUCo_RAC_KPCo Acquisition_2021-10-28, pp. 4-5, wherein the following statement appears:

"LUCo was built from several acquisitions, most significantly of The Empire District Electric Company on Jan. 1, 2017. Empire District

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accounts for roughly half of LUCo's EBITDA. Fitch expects LUCo to remain acquisitive, **primarily looking for smaller utility systems that could benefit from operational efficiencies**."²

- a. Explain whether the proposed acquisition of KPCo fits Liberty's model of acquiring primarily **smaller** utilities. If not, explain whether Liberty believes it is prepared to acquire and manage a larger utility system such as KPCo, which has approximately 166,000 customers, and is spread across approximately 3800 square miles located within 20 counties.
- b. Confirm that based on Liberty's responses to AG-DR-1-8 (d), AG-DR-1-9, and AG-DR-1-10, Liberty was not seeking synergies, and does not believe synergies will arise as a result of the proposed transaction.
 - (i) If subpart (b) immediately above is confirmed, confirm further that Liberty does not believe that KPCo "could benefit from operational efficiencies," which as Fitch notes is what Liberty "primarily look[s][] for."
- c. Provide the average level of synergies Liberty achieved in its prior acquisitions of electric utilities.
- 10. Reference the response to AG-DR-1-34. Confirm that after the closing of the proposed transaction, KPCo will seek rate recovery of sums paid to certain individuals under the identified retention agreements.
- 11. Reference the response to AG-DR-1-40 (d). Explain the experience that Liberty Utilities (Canada) Corp. ("LUCC") has regarding energy procurement within U.S. RTOs, including MISO and PJM.
- 12. Reference the response to AG-DR-1-55. Provide the list of all known "Long Lived Transition Costs" (LLTCs) including: (i) all known or estimated cost projections; and (ii) all cost-benefit analyses that may have been conducted regarding purchasing / licensing agreements for the existing items that are the subject of the LLTC as opposed to purchasing new replacement technology systems.
 - a. Explain whether a new customer information system (CIS) is one of the LLTCs. If so: (i) provide the remaining depreciable life on the existing system; and (ii) explain whether AEP would consider licensing its existing CIS to Liberty / KPCo. If not, why not?
 - b. For each electric utility Liberty acquired, explain to what extent, if any, LLTCs drove the need for future base rate increases.

² Emphasis added.

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- 13. Reference the response to AG-DR-1-67, the first sentence which reads: "In the Seller's Disclosure Letter please see page 3 bottom half (under the bullet "The following new agreements....") **and on page 57** the first, third and fifth bullets." ³ There is no page 57 to the Seller's Disclosure Letter. Identify precisely where the cited information can be found.
- 14. Provide all assessments of potential KPCo customer benefits that Liberty management presented to the Liberty board of directors.
- 15. Provide the average solar capacity factor for the Commonwealth of Kentucky.
 - a. Explain whether Liberty's cost projections regarding 'greening the fleet' include the need for additional capacity of various types to address the highly intermittent nature of solar generation in the Commonwealth.
 - b. Provide KPCo's current reserve margin. Provide KPCo's projected reserve margin for 2030.
- 16. Explain whether Liberty's self-stated goal of 'greening the fleet' (i.e., decarbonize KPCo's electric generation fleet) is a higher ranking priority than to provide safe, adequate and reliable service at the least possible cost.
 - a. Explain whether Liberty has identified any legal requirements to 'green the fleet.'
 - b. Confirm that if the proposed transaction is fully approved in all jurisdictions, Liberty / KPCo would be under a legal obligation to provide safe, adequate and reliable service at the least possible cost.
- 17. Provide a discussion of the measures Liberty is prepared to take to enhance economic development within the KPCo service territory.
 - a. Provide all plans for economic development, including grants such as those AEP made over the past ten (10) years for this purpose. Include in your discussion all measures Liberty will take to maximize federal grants and loans within the economically depressed parts of KPCo's service territory.
 - b. Discuss all actions in furtherance of economic development Liberty has taken related to its other electric utilities.
- 18. Explain whether any of Liberty's other electric utilities have winter-peaking service territories. Provide a discussion of the measures Liberty is prepared to employ to insure that its service is adequate during KPCo's winter peaks.

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³ Emphasis added.

- a. Given Liberty's self-stated goal of 'greening the fleet,' explain in detail how Liberty will insure adequate power supply during winter peaks when generation from renewable resources is virtually unavailable within the Commonwealth.
- b. Explain whether industrial customers in KPCo's service territory have expressed any concerns regarding reliability in light of Liberty's self-stated goal to 'green the fleet.' If Liberty has not discussed this issue with industrial customers, explain fully why not.
- c. If Liberty intends to rely on market power purchases when renewable resources are unavailable due to their inherent intermittency, does Liberty acknowledge that KPCo customers will experience significant increases in their monthly fuel adjustment charge? If Liberty is not willing to so acknowledge, explain fully why not.
- 19. Discuss whether the supply-chain crises are affecting KPCo or have the potential to do so. Discuss the measures Liberty is taking to address any supply chain issues in its regulated utilities.
- 20. Reference the response to AG-DR-1-116. For each reference to a "seasonal" generation resource identify the precise type of generation and fuel source (i.e. solar, wind, etc.).
- 21. Reference the response to KIUC-DR-1-18. Explain whether Liberty is willing to commit to continue KPCo's current practice of factoring accounts receivable. If not, explain why not.
- 22. Reference the response to AG-DR-1-112. Provide copies of the actual JD Power Customer Satisfaction Ratings, together with explanations of what the ratings mean with reference to other utilities throughout the nation.
- 23. Reference the response to PSC-DR-1-59. Identify the fuel sources for each of the generating resources listed.
- 24. Reference the response to KIUC-DR-1-20. Explain how Joint Applicants arrived at the \$50.8 million figure. Provide all calculations in Excel format, with all cells and formulae fully intact and accessible.
- 25. Reference the response to KIUC-DR-1-76 1(a)(i). Explain in full how the "significant upfront investments" will be paid for.
- 26. Reference the response to KIUC-DR-1-77 1(c). Identify the other utility companies that have paid amounts above the book value of the acquired companies in recent history. Include the amounts above book value paid for each.

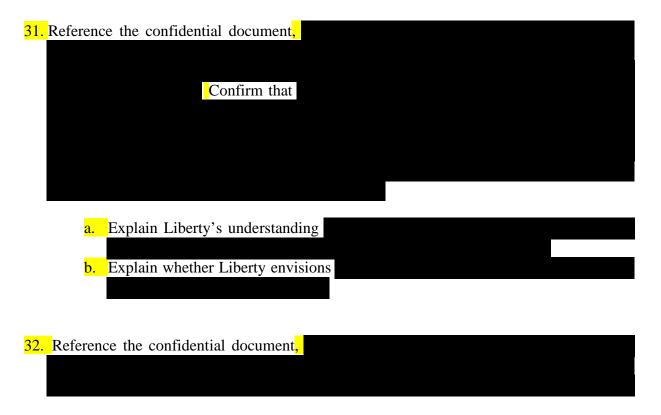
- 27. Explain whether Liberty believes that increased adoption of electric vehicles ("EVs"), and the increasing electrification of homes/buildings for space heating ("electrification") will increase electricity demand in KPCo's service territory, and if so, to what extent.
 - a. Discuss whether Liberty / KPCo believe that electrification poses any significant new load potential in the KPCo service territory, given the relative scarcity of gas service.
 - b. Explain the measures Liberty / KPCo are prepared to take to monitor the pace of EV and electrification adoption.
- 28. Reference the response to PSC-DR-1-24. Provide a copy of the filing Joint Applicants will submit in the proceeding pending before the U.S. District Court for the Southern District of Ohio.
- 29. Reference the article, "Overwhelmed by Solar Projects, the Nation's Largest Grid Operator Seeks a Two-Year Pause on Approvals," accessible at the link in the footnote below. Provide a discussion regarding the impact that PJM's recent decision to impose a two-year delay on approving pending interconnection requests will have in Liberty's self-stated plans to 'green KPCo's fleet.' Include in your discussion, at a minimum, the following:
 - a. Confirm that according to the article, PJM is cautioning that interconnection requests not yet filed may take even longer than the 2-year wait being imposed on projects that have already been filed.
 - b. Explain whether Liberty / KPCo would file a Certificate for Public Convenience and Necessity (CPCN) with the Commission for new generation before obtaining the requisite PJM interconnection approvals, or whether the CPCN would be filed subsequent to obtaining the PJM interconnection approval.
 - c. Provide the projected start dates for each renewable energy project KPCo is currently planning. For each such project, explain the status of the PJM interconnection request, and if the interconnection request has not already been approved, provide the projected dates for PJM approval of each such project.
 - d. Explain what plans Liberty / KPCo have to meet KPCo's generation needs in its service territory, and supply source requirements that KPCo is obligated to supply as a PJM FRR entity, in the event that the interconnection approval process creates any unanticipated delays in the development of the new generation sources which Liberty cites in this docket.
 - e. Explain whether any delays in obtaining the requisite PJM interconnection approvals would: (i) cause Liberty / KPCo to rely upon either market power, or bilateral purchases until such time as PJM approves the interconnection requests

⁴ https://insideclimatenews.org/news/02022022/pjm-solar-backlog-eastern-power-grid/?utm_source=Energy+News+Network+daily+email+digests&utm_campaign=61787f76f4-EMAIL CAMPAIGN 2020 05 11 11 46 COPY 01&utm_medium=email&utm_term=0_724b1f01f5-61787f76f4-89280531 (last accessed February 2, 2022).

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for the projects referenced in the instant docket; and/or (ii) increase costs to customers in any other manner, and if so, how.

- f. Explain whether PJM's delay in approving new interconnection requests will influence Liberty / KPCo's analysis regarding whether to remain as a PJM member. Include in your response a discussion of whether PJM's delay will in any manner influence, bias or otherwise affect Liberty / KPCo's analyses regarding whether remaining as a PJM member provides more savings to ratepayers than it does costs.
- g. Explain whether Liberty / KPCo believe they should submit supplemental testimony in this docket to address the ramifications to Liberty / KPCo of PJM's delay in approving new interconnection requests.
- 30. Explain whether Joint Applicants believe they have duties to be transparent regarding information requested in this proceeding, and to be candid with this Commission. If Joint Applicants disagree, explain fully why not.
 - a. Confirm the following regarding Joint Applicants' responses to initial discovery requests in this matter:
 - (i) Of the 134 questions the Attorney General posed, Joint Applicants refused to provide a substantive response to four (4) questions;
 - (ii) Of the 80 questions KIUC posed, Joint Applicants refused to provide a substantive response to 13 questions.



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