

American Electric Power Company, Inc.  
Kentucky Power Company  
Liberty Utilities Co.  
KPSC Case No. 2021-00481  
Commission Staff's Post-Hearing Data Requests  
Dated March 31, 2022

**DATA REQUEST**

**KPSC\_PH** Provide a list of acquisition financing commitments received by  
**DR\_001** Algonquin Power & Utilities Corp. (Algonquin), including but not limited to the name of the financing institution, financing amount, and financing terms.

**RESPONSE**

The acquisition financing commitments intended to be used by Algonquin include the approximately \$620 million raised through its common equity bought deal in October 2021, and the approximately \$1.1 billion raised by Algonquin in January 2022 through the issuance of hybrid securities. Liberty Utilities Co. also has a delayed draw term facility through a syndicate of lenders with approximately \$500 million of availability. Algonquin expects to fund the purchase price and any debt that is repaid on acquisition with liquidity currently in its system provided by the common equity, hybrid issuances, and delayed draw term facility.

Witness: Michael Mosindy

American Electric Power Company, Inc.  
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**DATA REQUEST**

**KPSC\_PH  
DR\_002** Provide the projected and true-up AEP PJM Open Access Transmission  
Tariff, Attachment H-14 forms that AEP uses to allocate transmission  
revenue requirements to its operating company subsidiaries for its FERC  
formula rates for calendar years 2012 through 2020.

**RESPONSE**

Please see JA\_R\_KPSC\_PHDR\_002\_Attachment1 for the requested information. None  
of the information contained therein is confidential notwithstanding any highlighting that  
may appear in the documents.

JA\_R\_KPSC\_002\_Attachment 1 is 102 MB in size and cannot be subdivided for upload  
to the Commission's website in conformity with the Commission's regulations. The  
Company is delivering the attachment to the Commission on electronic media and  
serving it on parties using a large file transfer protocol.

Witness: Amanda R. Conner

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**DATA REQUEST**

**KPSC\_PH  
DR\_003** Provide the forecasted and true-up AEP PJM Open Access Transmission  
Tariff, Attachment H-20 forms that AEP uses to allocate transmission  
revenue requirements to its transmission company subsidiaries for its  
FERC formula rates for calendar years 2012 through 2020.

**RESPONSE**

Please see JA\_R\_KPSC\_PHDR\_002\_Attachment1 for the requested information. None  
of the information contained therein is confidential notwithstanding any highlighting that  
may appear in the documents.

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serving it on parties using a large file transfer protocol.

Witness: Amanda R. Conner

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**DATA REQUEST**

**KPSC\_PH  
DR\_004** Refer to the March 28, 2022 Hearing Testimony of Peter Eichler (Eichler Hearing Testimony), generally. Provide the net present value, including carrying costs, of the projected savings to customers if the proposed Big Sandy Decommissioning Rider deferral is approved and securitization legislation is enacted after the three-year deferral period. Provide the response in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

**RESPONSE**

The net present value of the savings is \$104.1M. Please see JA\_R\_KPSC\_PHDR\_04\_Attachment.xlsx - tab "Calculation – 3 year"

Witness: Peter Eichler

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**DATA REQUEST**

**KPSC\_PH  
DR\_005** Refer to the Eichler Hearing Testimony. Provide the net present value, including carrying costs, of the cost increase to customers from the proposed three-year deferral of Big Sandy Decommissioning Rider if securitization legislation is not enacted. Provide the response in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

**RESPONSE**

Please see JA\_R\_KPSC\_PHDR\_04\_Attachment.xlsx - tab "Calculation – 3 year ns". The net present value of the benefit is \$20,557,106 utilizing the pre-tax WACC of 7.50%.

Witness: Peter Eichler

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**DATA REQUEST**

**KPSC\_PH  
DR\_006** Refer to Kentucky Industrial Utility Customers, Inc. (KIUC) Cross Exhibit 4, unnumbered page 1, which contains aggregate total amounts for Kentucky Power's distribution plant capital additions for calendar years 2011 through 2020, and budgeted distribution plant capital additions for calendar years 2022 through 2030. Provide, in the same format, budgeted incremental distribution plant capital additions for calendar years 2011 through 2020. Further, for years 2011 through 2020, provide the changes in distribution costs from the Handy-Whitman Index, and if available provide the projected increases for distribution costs for calendar years 2022 through 2030.

**RESPONSE**

Please see JA\_R\_KPSC\_PHDR\_06\_Attachment1 for the Handy-Whitman Index information through January 1, 2022. Kentucky Power is in the South Atlantic region for purposes of the index and, as such, the attachment references the South Atlantic Region historical information. However, the Handy-Whitman Index does not have forecasted information beyond the January 1, 2022 data provided in JA\_R\_KPSC\_PHDR\_06\_Attachment1.

Please also see JA\_R\_KPSC\_PHDR\_06\_Attachment2 historical budgeted distribution plant capital additions for the years 2011 through 2020.

Witness: Brian K. West

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**DATA REQUEST**

**KPSC\_PH  
DR\_007** Refer to March 28, 2022 Hearing Testimony of Michael McCuen, generally. If the transaction is approved, explain whether a change in the taxable position of Kentucky Power will impact the accumulated depreciated income tax (ADIT) included in the Big Sandy Decommissioning Rider regulatory asset.

**RESPONSE**

The ADIT included in the Big Sandy Decommissioning Rider regulatory asset will not change due to the possible future change in Kentucky Power's taxable income position. To clarify, accumulated deferred income tax (ADIT) is not included in the regulatory asset balance. The regulatory asset, net of ADIT is however earning a carrying charge at the weighted average cost of capital in the Big Sandy Decommissioning Rider.

Witness: Michael McCuen

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**DATA REQUEST**

**KPSC\_PH  
DR\_008** Refer to the March 28, 2022 Hearing Testimony of Michael Mosindy (Mosindy Hearing Testimony), generally. Identify and describe the partners in Liberty Utilities Finance GP1 (Liberty GP1), a general partnership described by Mr. Mosindy as a dedicated financing entity.

**RESPONSE**

Liberty GP1's partners are Liberty Utilities Finance ULC and Liberty Utilities Finance LP 1, which are two entities that are indirectly wholly owned by Algonquin Power & Utilities Corp.

Witness: Michael Mosindy



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**DATA REQUEST**

**KPSC\_PH** Refer to the Mosindy Hearing Testimony, generally. Explain whether  
**DR\_009** Liberty GP1 owns any assets. If so, describe the assets owned by Liberty  
GP1.

**RESPONSE**

Yes, Liberty Utilities Finance GP 1 owns an investment in a subsidiary that is used to facilitate the intercompany financing needs of Liberty Utilities Co. The intercompany loans are only provided to the regulated utility business. Additionally, there is no cross collateralization amongst the regulated utility subsidiaries and there is no cross-collateralization of any unregulated activities.

Witness: Michael Mosindy

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**DATA REQUEST**

**KPSC\_PH** Refer to the Mosindy Hearing Testimony, generally. Explain whether  
**DR\_010** Liberty GP1 has a tax basis. If so, provide and explain the genesis of that  
tax basis.

**RESPONSE**

Yes, the wholly owned subsidiaries of Algonquin Power & Utilities Corp. that own Liberty Utilities Finance GP1 have a nominal basis to satisfy the legal, accounting and tax requirements for a financing entity which results in tax basis.

Witness: Michael Mosindy

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**DATA REQUEST**

**KPSC\_PH  
DR\_011** Refer to the Mosindy Hearing Testimony, generally. Provide copies of a representative group of financing documents between the following parties that are publicly available and related to a Liberty regulated utility subsidiary:

- a. Between Liberty GP1 and debt holders;
- b. Between Liberty GP1 and Liberty; and
- c. Between Liberty and a Liberty regulated utility subsidiary.

**RESPONSE**

(a) and (b) - There are no documents in these categories that are publicly available; therefore, there are no documents responsive to this request.

(c) – Please see JA\_R\_AG\_1\_80\_ConfidentialAttachment\_InterCompany Promissory Note-LUCo and EDE- June 2021.pdf, produced in response to AG 1\_80.

Witness: Michael Mosindy

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**DATA REQUEST**

**KPSC\_PH** Refer to AEP's response to Commission Staff's First Request for  
**DR\_012** Information, Item 67, Confidential Item 67, filed on January 28, 2022.  
Also refer to KIUC Confidential Cross Exhibit 1, introduced at the March  
29, 2020 Hearing. Provide an updated version of page 8 of the document.

**RESPONSE**

Please see JA\_R\_KPSC\_PHDR\_012\_Attachment1 for the requested information.

Witness: Stephan T. Haynes

Witness: James X. Llende

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**DATA REQUEST**

**KPSC\_PH  
DR\_013** Refer to the March 29, 2022 Hearing Testimony of Stephan Haynes,  
regarding the proposed Big Sandy Decommissioning Rider deferral.  
Explain how the \$3.5 million offset provided by AEP affects the purchase  
price and provide a description of how this amount was determined.

**RESPONSE**

The proposed \$3.5 million offset provided by AEP would decrease the purchase price paid by Liberty. This amount was calculated by estimating the monthly amortization payment for June 2022 - June 2025 and a WACC of 7.5% was applied to find the time value of money for the delayed receipt of cash by Liberty of the Big Sandy Decommissioning Rider.

Witness: Stephan T. Haynes

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**DATA REQUEST**

**KPSC\_PH  
DR\_014** Refer to the March 29, 2022 Hearing Testimony of James Llende. Provide the current accumulated deferred income tax and net operating loss carryforward balances for Kentucky Power and the balances if the transaction is approved.

**RESPONSE**

Based on testimony provided by Liberty, if the transaction is approved, AEP expects the ADIT balances on Kentucky Power's books to be established at the same level as they were prior to the transaction.

As an estimate, please see KPSC\_PHDR\_014\_Attachment1 for the accumulated deferred income tax balances (ADIT) as of 12/31/2021 reported in Kentucky Power's 2021 Annual Report.

Note that any federal net operating loss carryforward balance in the GAAP financial statements is not reported on a stand-alone basis as the company would reflect for ratemaking purposes. The GAAP financial statements include the impact of AEP's consolidated tax sharing agreement.

Witness: James X. Llende

***Net Deferred Tax Liability***

The following table shows elements of KPCo's net deferred tax liability and significant temporary differences:

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>(in thousands)</b>	
Deferred Tax Assets	\$ 94,062	\$ 101,993
Deferred Tax Liabilities	(531,214)	(548,047)
<b>Net Deferred Tax Liabilities</b>	<b>\$ (437,152)</b>	<b>\$ (446,054)</b>
Property Related Temporary Differences	\$ (310,721)	\$ (300,947)
Amounts Due to Customers for Future Income Taxes	51,754	62,526
Deferred State Income Taxes	(92,617)	(120,361)
Regulatory Assets	(101,155)	(92,015)
Net Operating Loss Carryforward	17,475	7,795
All Other, Net	(1,888)	(3,052)
<b>Net Deferred Tax Liabilities</b>	<b>\$ (437,152)</b>	<b>\$ (446,054)</b>

***Federal Income Tax Audit Status***

The statute of limitations for the IRS to examine KPCo and other AEP subsidiaries originally filed federal return has expired for tax years 2016 and earlier. In the third quarter of 2019, KPCo and other AEP subsidiaries elected to amend the 2014 through 2017 federal returns. In the first quarter of 2020, the IRS notified KPCo and other AEP subsidiaries that it was beginning an examination of these amended returns, including the net operating losses carryback to 2015 that originated in the 2017 return. As of December 31, 2021, the IRS has not issued any proposed adjustments. KPCo and other AEP subsidiaries have agreed to extend the statute of limitations on the 2017 tax return to December 31, 2022 to allow time for the audit to be completed and the Congressional Joint Committee on Taxation to approve the associated refund claim.

***Net Income Tax Operating Loss Carryforward***

KPCo has state net income tax operating loss carryforwards of \$222 million and \$159 million in 2021 and 2020, respectively. As a result, KPCo recognized deferred state income tax benefits in 2021 and 2020 of \$11 million and \$10 million, respectively. Management anticipates future taxable income will be sufficient to realize the state net income tax operating loss tax benefits before the state carryforward begins expiring in 2035.