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

DATA REQUEST

KPSC 1_1 State whether Liberty believes that existing customers can be served at Kentucky Power's current rates with no decline in service after the proposed transaction closes.

RESPONSE

Liberty confirms its belief that existing Kentucky Power customers can be served at Kentucky Power's current rates after the transaction's close with no decline in service; however, please note that Kentucky Power has been ordered to file a general base rate case for rates effective January 1, 2024.

Witness: Peter Eichler

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DATA REQUEST

KPSC 1_2 Refer to the commitments and assurances set forth in the Application, Direct Testimony of Peter Eichler (Eichler Direct Testimony), and the Application, Exhibit 5, Stock Purchase Agreement (Purchase Agreement). Provide a single document containing the commitments and assurances set forth in the Application, Eichler Direct Testimony, and Purchase Agreement.

RESPONSE

See attached document: “Commitments of Liberty,” JA_R_STAFF_1_02_Attachment Commitments of Liberty 2.pdf.

Witness: Peter Eichler

Commitments Made by Liberty Utilities Co.

Commitments made in Application and Testimony of Peter Eichler

- Maintain Kentucky Power's head office in the service territory.

- Localize upwards of 100 utility operations jobs back to Kentucky Power.

- Within 2 years of the close of the transaction, Kentucky Power will evaluate the benefits and costs of its participation in the PJM, and to the extent appropriate, explore alternatives.

- Reopen a customer walk-in center in Ashland and at least one other community.

- Establish and maintain a Kentucky Power Company board of directors comprised of a majority of independent non-management members with at least one seat reserved for a business and/or community leader from Kentucky Power's service territory.

- Assume all regulatory commitments currently in force from prior Commission Orders for Kentucky Power.

- Not seek recovery of the transaction premium or transaction costs in Kentucky Power's rates.

- Continue to work with local and state governmental entities.

- Continue to promote economic development in Kentucky.

- The transaction will not impact or affect contractual relationships with municipal or wholesale customers of Kentucky Power.

- Obtain Commission approval before transferring Kentucky Power property, plant and equipment, consistent with KRS requirements.

- There will be no cross subsidization between Liberty's regulated businesses and Algonquin's non-regulated businesses.

- Kentucky Power will not transfer stock without Commission approval.

Commitments made in Stock Purchase Agreement[1]

- Indemnify, defend and hold harmless past and present directors, officers, and employees of the Kentucky Power and Kentucky Transco for a period of 6 years, as set forth in more detail Section 4.12.

- Assume all obligations under the NSR Consent Decree relating to the Mitchell Interest and Big Sandy, as set forth in more detail in Section 4.13.

- For a period of no less than five years from the Closing Date, cause Kentucky Power to maintain its existing corporate headquarters in Kentucky and, other than in the ordinary course of its business, maintain its existing offices and service centers in Kentucky, as set forth in Section 4.21.

- Kentucky Power and Kentucky Transco employees, whether members of a collective bargaining agreement or not, who are employed by such company immediately prior to the closing will continue to be employed upon closing and will remain employed for a period of two years following the closing, as set forth in more detail in Section 5.3 or otherwise provide such employees severance as set forth in more detail in Section 5.6.

- Employees of Kentucky Power and Kentucky Transco will receive substantially similar, in the aggregate (provided base salary must be at least equal to the current base salary/wage rate), base salary or hourly wages, incentive compensation opportunities, retirement benefits, welfare benefits, and severance benefits as the same exist immediately prior to closing, as set forth in more detail in Section 5.4.

- Provide employees benefits regarding welfare plans, severance, continuing health care coverage, service credit, defined contribution plans, incentive awards, seller benefit plans, and workers compensation benefits, as set forth in more detail in Sections 5.5 through 5.13.

- Kentucky Power must maintain itself as a "Load Serving Entity" under the PJM Market Rules and remain included in the "AEP Zone" until the completion of all remaining "Planning Periods" or which Kentucky Power has committed to jointly participate in a "Fixed Resource Requirement Alternative" as set forth in more detail in Section 4.8(c).

- Kentucky Power and Kentucky Transco must within three business days cease using, and within 120 days remove, all trademarks and service marks of AEP within 120 days of closing as set forth in more detail in Section 4.10.

[1] For purposes of this document, the term "Commitment" as used in relationship to the Stock Purchase Agreement, is intended to mean commitments and assurances agreed to by Liberty Utilities Co. related to the post-acquisition operation of Kentucky Power. Nothing herein is intended to supersede or contradict the contractual obligations of the parties to the Stock Purchase Agreement.

Commitments made in response to KPSC 1-03

- All costs associated with the proposed transaction will not have the effect of increasing Kentucky Power's rates for electric service.

- Kentucky Power's ratepayers will not incur any additional costs, liability, or obligations, directly or indirectly, in conjunction with the proposed transaction. Provided however that Kentucky Power will enter into affiliate service agreements with Algonquin Power & Utilities Corp., Liberty Utilities (Canada) Corp., Liberty Utilities Co. and Liberty Service Corp. for the provision of certain services, and in that respect, will incur new liabilities. The costs of these services, however, will not result in any increase in costs to Kentucky Power customers.

- Kentucky Power will not incur any additional indebtedness or pledge any assets to finance any part of the purchase price paid by Liberty to acquire control of Kentucky Power.

- Kentucky Power's current level of community involvement, charitable contributions, low-income funding, and economic development in Kentucky Power's service territory will be maintained for two years following the close of the transaction so that the Company can best evaluate how to continue to support the community.

- Kentucky Power's customers will not be asked to contribute to costs associated with operating any Liberty subsidiary or affiliates.

- Kentucky Power will not guarantee the credit of any affiliate if the proposed transaction is approved.

- Kentucky Power will not be required to pledge any of its assets to finance the debt or any purchases of any affiliates if the proposed transaction is approved.

- Kentucky Power will not be required to grant liens or encumbrances, or otherwise pledge any of its assets, to finance any or all of the costs of the proposed transaction.

- Liberty will not utilize push-down accounting in any manner arising from the proposed transaction.

- Kentucky Power will give clear and conspicuous notice to Kentucky Power's customers prior to any change in service resulting from the proposed transaction.

- Liberty will commit to ring-fencing of Kentucky Power such that Kentucky Power would be insulated from Liberty's non-utility lines of business. To define "ring-fencing": Liberty will commit that Kentucky Power: (i) will not assume liability for the debts issued by Algonquin Power & Utilities Corp., Liberty Utilities Co., or any of their subsidiaries or affiliates; (ii) will maintain corporate officers who have a fiduciary duty to Kentucky Power, and; (iii) will maintain separate books and records of Kentucky Power, all to provide sufficient ring fencing to Kentucky Power to insulate it from potential liability of from other affiliates.

DATA REQUEST

KPSC 1_3 If the proposed transaction is approved, state whether Liberty will provide written acceptance of the following commitments and assurances and, if so, include in the document referenced in Item 2.

a. All costs associated with the proposed transaction will not have the effect of increasing Kentucky Power's rates for electric service.

b. Kentucky Power's ratepayers will not incur any additional costs, liability, or obligations, directly or indirectly, in conjunction with the proposed transaction.

c. Kentucky Power will not incur any additional indebtedness or pledge any assets to finance any part of the purchase price paid by Liberty to acquire control of Kentucky Power.

d. Kentucky Power's current level of community involvement, charitable contributions, low-income funding, and economic development in Kentucky Power's service territory will be maintained after the proposed transaction closes.

e. Kentucky Power's customers will not be asked to contribute to costs associated with operating any Liberty subsidiary or affiliate.

f. Kentucky Power will not guarantee the credit of any affiliate if the proposed transaction is approved.

g. Kentucky Power will not be required to pledge any of its assets to finance the debt or any purchases of any affiliates if the proposed transaction is approved.

h. Kentucky Power will not be required to grant liens or encumbrances, or otherwise pledge any of its assets, to finance any or all of the costs of the proposed transaction.

i. Liberty will not utilize push-down accounting in any manner arising from the proposed transaction.

j. Kentucky Power will give clear and conspicuous notice to Kentucky Power's customers prior to any change in service resulting from the proposed transaction.

k. Liberty will commit to ring-fencing of Kentucky Power such that Kentucky Power would be insulated from Liberty's non-utility lines of business.

RESPONSE

Liberty commits to the items (a) through (k) above with the following clarifications. For item (b), Kentucky Power will enter into affiliate service agreements with Algonquin Power & Utilities Corp., Liberty Utilities (Canada) Corp., Liberty Utilities Co. and Liberty Service Corp. for the provision of certain services, and in that respect, will incur new liabilities. The costs of these services, however, will not result in any increase in costs to Kentucky Power customers.

With respect to item (d), Liberty commits to maintaining current levels for two years following the close of the transaction so that the Company can best evaluate how to continue to support the community.

With respect to item (k), to define "ring-fencing": Liberty will commit that Kentucky Power: (i) will not assume liability for the debts issued by Algonquin Power & Utilities Corp., Liberty Utilities Co., or any of their subsidiaries or affiliates; (ii) will maintain corporate officers who have a fiduciary duty to Kentucky Power, and; (iii) will maintain separate books and records of Kentucky Power, all to provide sufficient ring fencing to Kentucky Power to insulate it from potential liability of other affiliates.

The above commitments, including the clarified items (b), (d), and (k) have been reflected in Liberty's response to Staff 1-02.

Witness: Peter Eichler

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DATA REQUEST

KPSC 1_4 If the proposed transaction is approved, provide the timeline and projected costs of integrating Kentucky Power into Liberty's information technology system, and describe the expected customer benefits once the information technology integration is completed.

RESPONSE

The following is a list of the functionalities and the associated benefits of the platform planned for deployment by Liberty over the first three years after the closing. As Liberty and AEP staff are in the active separation process mapping stage, net cost estimates are further refined and verified every day. Based on Liberty's current understanding of the age and functionality of the current systems and AEP's plans for those systems, Liberty anticipates that the cost of integrating Kentucky Power into Liberty's systems, over a 3-5 year timeframe, would be similar to the IT costs likely incurred if Kentucky Power were to remain part of AEP.

Customer First

Kentucky Power will join Liberty's connected platform designed to meet the needs of customers, employees, and other stakeholders. This platform is referred to internally as Customer First.

Customer First includes multiple linked projects encompassing essential IT infrastructure, operational technologies, and business processes throughout the Company.

The core of the platform, referred to as Customer First Foundations, is an Enterprise Resource Planning ("ERP") system, Customer Information System ("CIS"), and Enterprise Asset Management ("EAM") system, among other connected solutions. The other systems and platforms are tightly integrated with Foundations but have specific functional-area focus described in more detail below:

Foundations

The Foundations platform will implement CIS, ERP, EAM, and other related solutions that replace a patchwork of systems across Liberty's existing utility operating companies.

CIS

A CIS manages customer information and billing. The system performs several critical customer service-related functions including generating customer bills, customer account management, credit and collections, and accounts receivable. The Company is utilizing SAP's integrated CIS solution. Key features of the SAP CIS solution include the following:

- Unified billing system and processes.
- Support for tariff complexity.
- Structured data entry process.
- Automated test billing simulations, service order processes, collection processes, and meter management processes.

ERP System

An ERP system is a suite of applications from a single vendor containing multiple, integrated modules that link business processes across functional areas. Each of these applications interfaces with a central database, as opposed to numerous point-to-point contacts with other systems. Thus, multiple applications in the suite can be populated by single data entry avoiding wasteful re-entry of data. Moreover, users can access data from one point of entry, rather than having to log in to multiple systems. The Company will replace Kentucky Power's current system with SAP's integrated ERP solution. Key features of the SAP ERP solution include the following:

- Unified General Ledger: significantly reduces the close cycle, reduces the risk of error, improves documentation, and improves reporting and analytics.
- Integrated Asset Accounting: reduces manual processes for creating fixed asset accounts and improves construction tracking.
- Automated Vendor Invoicing: reduces the time to set up and pay vendors replacing manual aspects.
- Streamlined Expense System: more efficient submission, payment, and auditing of employee expenses.

- Improved planning, budgeting, forecasting and financial consolidation: significantly improved data access and less time spent on manual activities.

The new ERP system is expected to improve reporting and analytics, improve operational efficiency, and reduce risk.

EAM System

An EAM system is responsible for asset management in the organization. The system is used to track the condition and manage the maintenance of physical assets throughout each asset's lifecycle. The Company is replacing Kentucky Power's existing EAM systems with SAP's integrated EAM and mobile work manager ("MWM") solutions. Key features of the SAP EAM and MWM solutions include the following:

- Centralized asset data storage.
- Automated equipment tracking.
- Risk and criticality assessment.
- Geospatial map view of asset information through tight GIS integration.
- Ability to receive work order and complete work orders in the field on mobile devices.
- Streamlined cost estimation, project management, and workforce scheduling.
- Support for new technologies and services (e.g. rooftop solar, EV charging, microgrids).

Employee Central

The Employee Central platform will implement SAP SuccessFactors, a fully integrated HR, recruiting, and onboarding solution. As an SAP product, SuccessFactors is fully integrated with the other SAP platforms being implemented through Customer First Foundations. This integration allows core non-HR business processes that require HR data to be easily facilitated. Key features of SuccessFactors include the following:

- Global HR Platform: creates a single system of record for both paid and contingent workers and can handle complex HR data, process, and reporting requirements.
- Global Talent Sourcing Platform: provides a candidate relationship management system and set of recruiting tools, including requisition and

applicant management and integration to 3rd party recruiting services and tools.

- Personalized Onboarding Solution: onboarding is handled through a dedicated portal and facilitated through mobile, electronic forms, and step-by-step wizards to support hiring managers and others.

The Employee Central transformation improves productivity, ensuring that the Company can competitively attract top talent for open positions and support productive work execution by the existing employees. ..

Network Design and Operations

The Network Design and Operations transformation creates a Geographic Information System ("GIS") and an Outage Management Solution ("OMS") to undertake electrical grid monitoring and diagnostics, thereby supporting reliability and safety. The GIS presents a digital representation of a utility's physical system that is essential for enabling field crews to accurately and efficiently locate assets. GIS is also foundational for a multitude of other systems, including OMS and ADMS. The OMS integrates with the GIS, CIS, Supervisory Control and Data Acquisition ("SCADA"), and AMI systems, as and when AMI is deployed to Liberty's utilities, to ingest field data points, identify outages, notify customers and Company personnel, and provide important information to distribution planners.

Key features of the GIS include:

- Data integrations with the other SAP platforms (ERP, EAM, CIS, etc.) via the SAP Geo-enablement Framework.
- Data integration with engineering analysis tools.
- Data integration with a graphical work design tool.

Key features of the OMS platform include:

- Reliability and system performance measurement.
- Outage and call visualization and analysis.
- Integration with customer outage portal.
- Integration with SAP CIS for call taking, call history, and remote disconnects.
- Integration with SAP MWM to allow for mobile outage visualization and field updates.
- Integration with ESRI EUN for initial and incremental GIS data load.

- IVR integration.

The Network Design and Operations transformation is expected to help manage safety, reliability, and IT maintenance costs.

Procure to Pay

The Procure to Pay ("P2P") integrates the cloud-based technology platform called Ariba with the ERP system to provide a central platform for requisition, mobile approval, purchasing, receiving, and invoicing with vendors. Ariba will interact with the SAP ERP system to offer tools for efficiently and cost effectively sourcing materials and services. Key features of Ariba include the following:

- Self-service Requisition: employees can order materials and services through common catalogues to take advantage of discounts. The requisition is assigned to a project with approval required.
- Mobile Approval: requisitions are automatically routed for approval through a predefined, rule-based workflow. The approver can reject all or a portion of the requisition with a mobile device, which will be returned to the requester with comments.
- Automated Purchase Orders: after the requisition is approved, the purchase order is automatically routed to the supplier by email or other digital means.
- Simplified Receiving: when the goods from a requisition are received, the receiver can scan the packing slip with a mobile device, which will process against the purchase order.
- Automated Accounts Payable Elements: supplier invoices will be automatically matched against POs to route for approval and payment.

The P2P transformation is expected to create significant process efficiencies and reduce hard costs to the Company through greater discounts on materials and services.

e-Customer

The e-Customer platform implements a new software-as-a-service system that significantly enhances electronic customer engagement across Liberty and provides multi-channel payment options for customers including online payment abilities, auto-payments, and payments at terminals in walk-in centers and via the IVR system. This solution also provides simplified payment options for our customers.

The e-Customer transformation is expected to improve the customer experience and increase customer satisfaction.

Witness: John Lowson

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DATA REQUEST

KPSC 1_5 Kentucky Power currently sells its receivables to AEP Credit, Inc. If the proposed transaction is approved, explain, if known, whether Kentucky Power will continue to sell its receivables and, if so, identify the entity to which the receivables will be sold.

RESPONSE

Should the proposed acquisition be approved, Kentucky Power Company will no longer sell its receivables.

Witness: Peter Eichler

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DATA REQUEST

KPSC 1_6 State whether other Liberty regulated utilities sell their receivables and, if so, identify the entity to which the receivables are sold.

RESPONSE

Liberty's regulated utilities do not sell their receivables.

Witness: Peter Eichler

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DATA REQUEST

KPSC 1_7 Confirm that no Liberty subsidiaries currently participate in PJM Interconnection, LLC (PJM). If this cannot be confirmed, identify the subsidiary and describe how that subsidiary participates in PJM.

RESPONSE

No subsidiaries of Liberty Utilities Co. participate in PJM.

Witness: Peter Eichler

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DATA REQUEST

KPSC 1_8 Confirm that Liberty understands that under the transfer of control provisions of KRS 278.020(6) and Commission precedent established in Case No. 2003-00266,2 Liberty has an affirmative duty to apply for and receive prior approval from the Commission if Liberty leaves PJM.

RESPONSE

Liberty confirms that Kentucky Power would plan to seek the Public Service Commission of Kentucky's approval to leave PJM.

Witness: Peter Eichler

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DATA REQUEST

KPSC 1_9 Provide Liberty's audited financial statements for 2020, the third quarter of 2021, and for calendar year 2021, when available.

RESPONSE

Please find attached the 2020 audited (JA_R_STAFF_1_09_ConfidentialAttachment_-2020 Q4 -LUCO Financials Statements-FINAL 1.pdf) and third quarter of 2021 unaudited financial statements for Liberty Utilities Co. (JA-R_STAFF_1_09_ConfidentialAttachment_ 2021 Q3 - Liberty Utilities Co. - Unaudited Interim Consol Financial Stmts). 2021 audited financial statements for Liberty Utilities Co. will be provided when available.

Witness: Michael Mosindy

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DATA REQUEST

KPSC 1_10 Provide Liberty's Securities and Exchange Commission (SEC) Form 10-K for 2020 and, when available, for 2021, and SEC form 10-Q for the third quarter of 2021.

RESPONSE

Below is the link to the 2020 40-F – which is the foreign issuer equivalent for the form 10-K:
https://www.sec.gov/Archives/edgar/data/0001174169/000117416921000012/0001174169-21-000012-index.htm

Below is the link to the Q3 6-K – which is the foreign issuer equivalent for the form 10-Q:
https://www.sec.gov/Archives/edgar/data/0001174169/000117416921000061/0001174169-21-000061-index.htm

The 2021 40-F will be available on March 4.

Witness: Peter Eichler

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DATA REQUEST

KPSC 1_11 Explain whether Liberty has received a credit rating from Moody’s Investors Service (Moody’s) and, if so, provide the most recent Moody’s credit rating.

RESPONSE

Liberty does not have a credit rating from Moody's. Liberty has a BBB rating from both Fitch and S&P.

Witness: Michael Mosindy

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DATA REQUEST

KPSC 1_12 Provide the most recent credit rating report, such as S&P, for the electric utility industry.

RESPONSE

Please see attached for the most recent report from S&P on North American regulated utilities, "JA_R_STAFF_1_12_Attachment S&P-RatingsDirect-North American Regulated Utilities-Apr-7-21.pdf."

Witness: Michael Mosindy

S&P Global
Ratings

RatingsDirect®

North American Regulated Utilities' Credit Quality Begins The Year On A Downward Path

April 7, 2021

Key Takeaways

- Based on the investor-owned North American regulated utility industry's credit performance so far, 2021 could become the second consecutive year that downgrades outpace upgrades.
- In our view, many companies are managing their financial position with little or no financial cushion from their downgrade threshold, increasing the susceptibility to a downgrade if an unexpected event occurs, not incorporated within the base case, that further weakens financial performance.
- The recent Texas storm highlights the continued environmental, social, and governance (ESG) risks that can negatively affect the industry's credit quality.
- Given the magnitude of the financial costs associated with Texas storm for many utilities within the sector and the potential for more extreme weather events, S&P Global Ratings will continue to monitor the industry's physical and financial hedging practices.

PRIMARY CREDIT ANALYST

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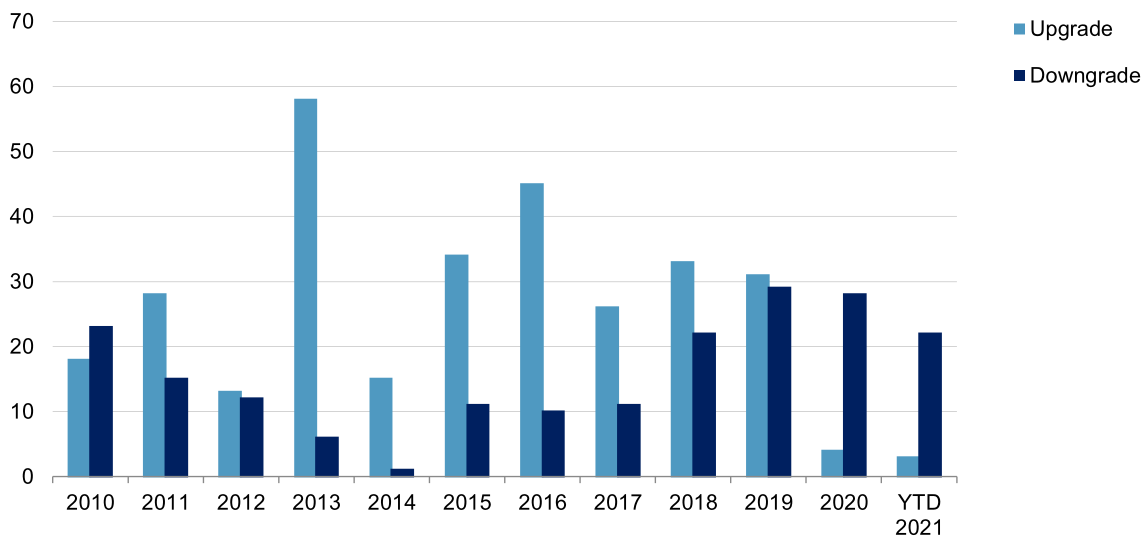
Our ratings on the investor-owned North America regulated utilities began 2021 the same way that it ended 2020--with downgrades. The early 2021 downgrades of Atmos Energy Corp. (A-/Watch Neg/A-2), Duke Energy Corp. (BBB/Stable/A-2), One Gas Inc. (BBB+/Negative/A-2), and National Grid North America Inc. (BBB+/Stable/A-2) reflect our view of the minimal financial cushion at their current rating level prior to the downgrades. This is consistent with the more general industry trend of higher leverage driven by robust capital spending necessary to reduce greenhouse gas emissions, enhance reliability, and improve safety.

Last year was the first year in a decade that our downgrades outpaced upgrades in this sector and at this early 2021 juncture, it appears that for the second consecutive year, downgrades will again outpace upgrades. Additionally, while our median rating for the industry remains at 'A-', the cushion has significantly shrunken and the median rating is moving ever so close, for first time ever, to the 'BBB' category.

Chart 1

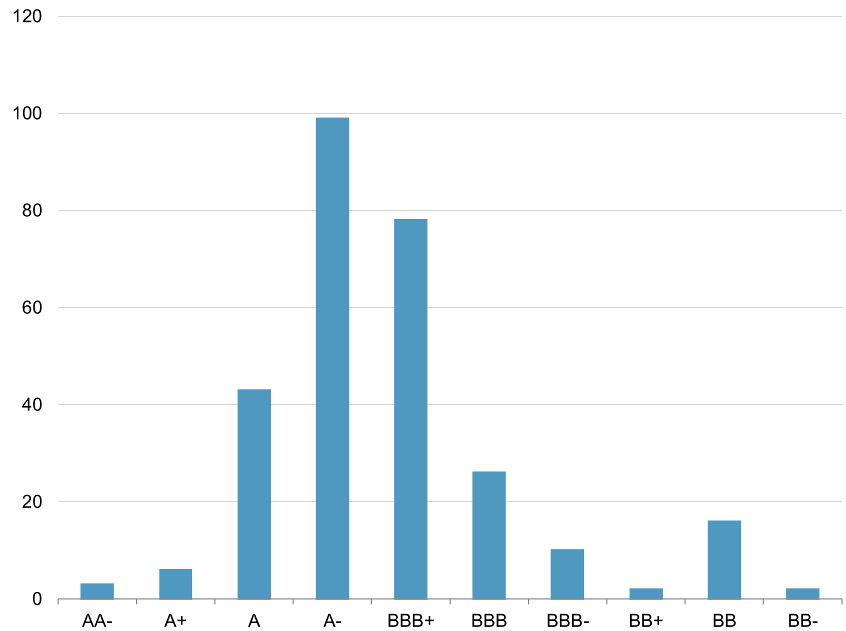
North American Regulated Utilities Upgrades and Downgrades



Source: S&P Global Ratings.

Chart 2

North American Regulated Utilities Ratings Distributions
As of March 3, 2021

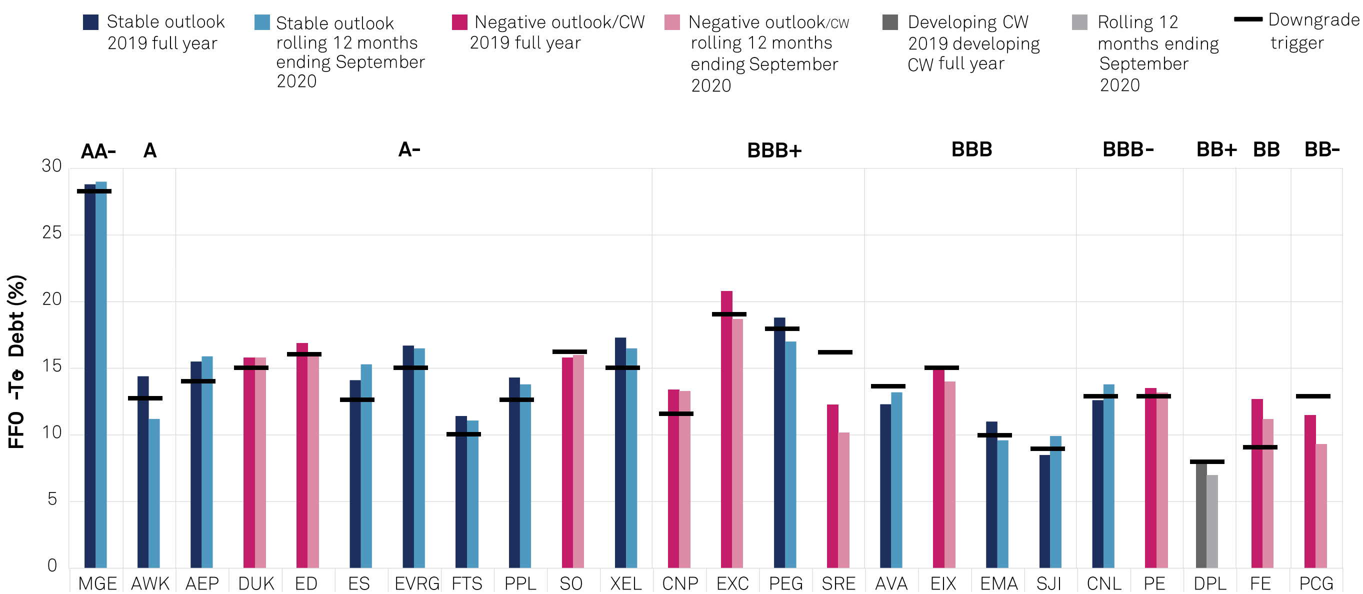


Source: S&P Global Ratings.

Relying On Only Minimal Financial Cushion

Since we revised our industry outlook to negative at the beginning of 2020 (COVID-19: The Outlook For North American Regulated Utilities Turns Negative, April 2, 2020) we have consistently highlighted the lack of financial cushion (see chart). While utility cash flows are generally more predictable than most other industries and therefore utilities can typically manage them closer to their ratings downgrade threshold, unexpected events that arise beyond the base case, can often result in a weakening of credit quality.

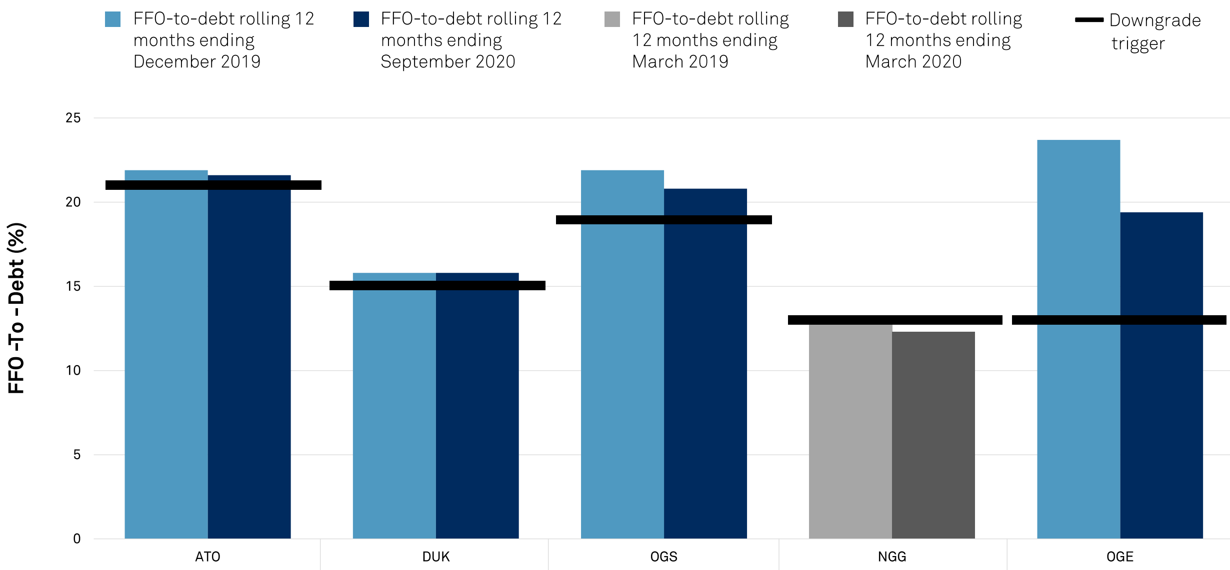
Sampling Of Minimal Cushion At Current Rating Level



Note: PE is Puget Energy Inc. Source: S&P Global Ratings and company data.

In our view, Atmos Energy, Duke Energy, One Gas, and National Grid were generally operating with minimal cushion, prior to their downgrades. Our rating actions on OGE Energy Corp. stands in contrast to these entities. We affirmed the ratings on OGE Energy Corp. and only revised the outlook to negative, despite the company also being negatively affected by the Texas storm, experiencing $800 million to $1 billion of higher fuel and purchased power costs. The primary reason for the ratings affirmation, despite the high costs, reflects our view of sufficient financial cushion prior to the unexpected winter freeze.

Financial Cushion Prior To 2021 Rating Actions



Source: S&P Global Ratings and company data.

ESG Risks

S&P Global Ratings has consistently highlighted the many ESG risks that could potentially harm the industry's credit quality (Webinar Spotlights The North American Regulated Utility Sector's Key Trends And Risks, Feb. 2, 2021). Some of the potential ESG-related risks include:

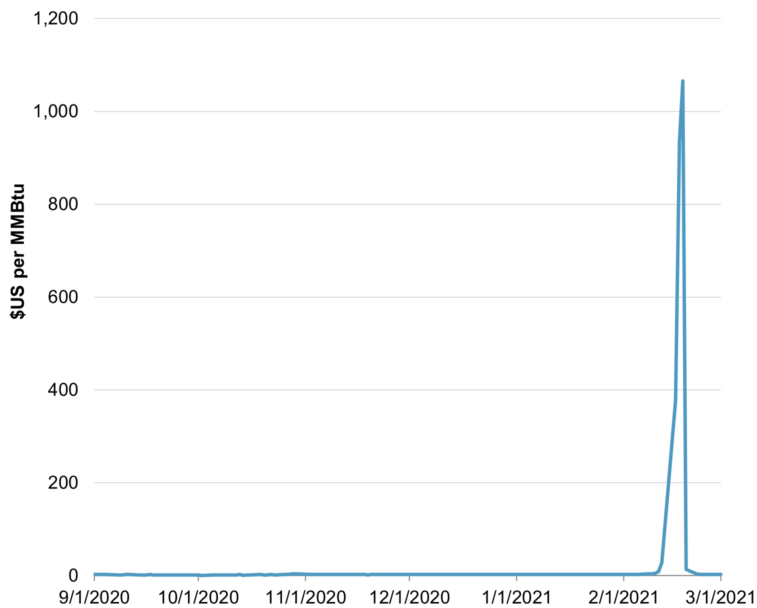
- Climate-related risks including wildfires, storms, hurricanes, and extraordinary hot or cold temperatures.
- Regulatory risks. Rising costs and higher capital spending could pressure the industry's regulatory support and expectations of full recovery of such costs from ratepayers.
- Consistent access to the capital markets at a fair price. To the extent that investors are taking environmental concerns into consideration, utilities with higher carbon emissions might not have the same capital market access or pricing as peers, potentially weakening credit quality.
- Stranded asset risk. Should regulators and customers no longer support fossil fuel-based assets and instead determine that full electrification and renewable generation should replace the industry's natural gas distribution system and natural gas-fired generation, these assets could become stranded assets, potentially weakening a utility's financial measures and management of regulatory risk.

Recent examples underscore the risks

Duke Energy Corp.'s credit quality took a hit when it agreed to a settlement, failing to fully recover its coal ash costs (Duke Energy Corp. And Subsidiaries Downgraded To 'BBB+' On Coal Ash Settlement, Outlook Stable, Jan. 26, 2021). The devastating winter storm in February that plunged much of Texas into a deep freeze and knocked out power to millions of homes sharply increased local natural gas spot prices by more than 35,000% during the week of frigid temperatures around the region. During this timeframe, local natural gas prices increased to more than $1,000 per MMBtu from about $3 per MMBtu. As a result of this drastic increase, we downgraded both Atmos Energy Corp. (Atmos Energy Corp. Downgraded To 'A-' On Weakening Credit Metrics; Ratings Placed On CreditWatch Negative, Feb. 22, 2021) and One Gas Inc. (ONE Gas Inc. Downgraded To 'BBB+' From 'A' On Unprecedented Weather Conditions; Outlook Negative, Feb. 23, 2021), reflecting weaker financial measures from the added leverage necessary to fund the exorbitantly priced natural gas.

Chart 3

Natural Gas Spot Price At Tulsa



Sources: SNL; S&P Global Market Intelligence; S&P Global Ratings.

Another once in a century event

While some could dismiss the Texas storm as a "once in a century" event, over the past several years we have seen many of these rare and unpredictable events. This includes the polar vortex, the global pandemic, catastrophic wildfires, severe storms, and the recent winter freeze. Our view that these events have affected the credit quality of some of the industry's utilities, demonstrates the need for the industry to proactively reduce its ESG-related risks.

Hindsight

When looking back and assessing the recent winter freeze's negative impact on the natural gas distribution companies' credit quality, we believe a comprehensive hedging program could have limited the billions in higher fuel costs. While we view a utility's ability to fully recover its fuel and purchase power costs from ratepayers as an important credit-supportive component, in this instance, this traditional tool by itself was insufficient.

The Texas storm's unprecedented climate related risks highlights the need for additional credit-supportive measures to maintain credit quality. Because of the spike in natural gas prices, the costs that had to be recovered from ratepayers were simply too burdensome to be recovered through traditional means. Had a utility even attempted to pass these costs onto its ratepayers, it would have overwhelmed the customer bill, probably leading to customer outrage. In fact, a non-rated, retail energy provider attempted to bill customers for these higher costs and it immediately faced enormous public pressure. In hindsight, a comprehensive hedging program that includes both physical and financial hedges could have significantly lowered these higher costs, reducing credit risk.

Looking forward, given the more frequent risks of climate change, a comprehensive physical and financial hedging program could be an additional tool that if more frequently implemented, could potentially reduce the industry's credit risks. Such a program, if implemented properly, has the potential to significantly reduce risk when a utility is facing an unexpected commodity price spike.

Expecting More Of The Unexpected

The industry's credit quality is off to a challenging start, partially reflecting the increasing ESG risks that if not addressed could continue to erode credit quality. What's more, regulated utility companies are not well positioned to handle unexpected events because so many of them operate with minimal financial cushion at their particular rating level. Despite these risks, we expect that a higher corporate tax rate could offset some of this exposure, resulting in a modest improvement in credit quality (U.S. Regulated Utilities' Credit Metrics Could Strengthen Under Proposed Biden Tax Plan, Oct. 29, 2020). However, if Congress delays the passing of a higher corporate tax rate, given the increased frequency of ESG risks, we could lower the industry's median rating to the 'BBB' category well before year-end.

Related Research

- OGE Energy Corp. And Sub. OG&E Outlooks Revised To Negative On Unprecedented Winter Related Costs; Ratings Affirmed, March 3, 2021
- National Grid North America Inc. Downgraded To 'BBB+' Following Downgrade Of Parent, March 3, 2021
- S&P Global Roundtable: North American Regulated Utilities--Jan. 29, 2021, Feb. 2, 2021
- North American Regulated Utilities’ Negative Outlook Could See Modest Improvement, Jan. 20, 2021
- Industry Top Trends 2021 North America Regulated Utilities, Dec. 10, 2020

This report does not constitute a rating action.

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DATA REQUEST

KPSC 1_13 Provide the current capital structure of Liberty and each of its utility subsidiaries.

RESPONSE

Please see "JA _R_STAFF_1_13_Attachment.xlsx" for the approved capital structures for Liberty's regulated utilities.

Witness: Jill Schwartz

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DATA REQUEST

KPSC 1_14 If the proposed transaction is approved, provide the forecasted or budgeted capital structure of Kentucky Power for the next two years.

RESPONSE

Given that Kentucky Power's base rates are set until January 2024, Liberty does not expect the company's capital structure to change in either 2022 or 2023.

Witness: Peter Eichler

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DATA REQUEST

KPSC 1_15 Explain whether how Liberty will allocate its capital structure to Kentucky Power, and, if so, how the capital structure will be allocated.

RESPONSE

Liberty Utilities Co. will not be allocating its own capital structure to Kentucky Power.

Witness: Peter Eichler

American Electric Power Company, Inc.
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DATA REQUEST

KPSC 1_16 Explain how Liberty will allocate funds to Kentucky Power for capital investment.

RESPONSE

The process of allocating funds to Kentucky Power for the purposes of capital investment is a “bottom up” approach whereby the local Kentucky Power management team, through its planning process, will collectively compile its recommended needs for capital expenditures.

It is anticipated that the list of projects in this pool of projects will have been scrutinized to demonstrate: (i) customer need (ii) safety requirements (iii) needed to meet regulations; or (iv) discretionary/growth oriented projects (note: each individual project requires a business case and/or capital expenditure form to demonstrate the prudency of the project prior to commencement of spend).

Ultimately, this pool of projects will be evaluated and either approved or disapproved by the Kentucky Power president. If approved, the Kentucky Power president will then bring the capital pool to the Kentucky Power board and Liberty executive management for capital allocations.

Witness: Peter Eichler

DATA REQUEST

KPSC 1_17 Provide an estimate of the costs for centralized corporate services that would be charged to Kentucky Power if the transaction is approved.

RESPONSE

For planning purposes, Liberty has assumed that the costs associated with Generation, Transmission and Corporate Services will remain the same in the first full year of operations after the acquisition by Liberty (i.e., 2023). More specifically, based on the costs incurred in 2020, Liberty projects that in 2023, under the ownership of American Electric Power Company, Inc. ("AEP"), Kentucky Power Company would incur approximately $75.8 million for Generation, Transmission and Corporate Services. Based on Liberty's preliminary analysis and calculations, Liberty estimates that during its first full year of operations under Liberty's ownership, Kentucky Power will incur approximately $67.0 million for the same functions. Of that amount, Liberty estimates Kentucky Power will be allocated approximately $33.1 million of corporate shared services costs in accordance with the Algonquin Power & Utilities Corp. Cost Allocation Manual ("CAM"). In addition, Kentucky Power will incur approximately $33.9 million directly for certain Generation, Transmission and Corporate Services that were previously provided by AEP. As this estimate is preliminary, Liberty continues to assume that it will spend at or below the AEP currently incurred amounts.

Please see JA_R_STAFF_1_17_Attachment_Project Nickel Allocations.xlsx.

Witness: Jill Schwartz

American Electric Power Company, Inc.
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DATA REQUEST

KPSC 1_18 Describe the degree to which Liberty’s subsidiaries have the authority to accept, challenge, reject, or modify costs allocated from Liberty to each subsidiary.

RESPONSE

Liberty’s subsidiaries receive a detailed description of all allocations and are able to challenge costs for accuracy and appropriateness. To the degree that costs are ultimately determined to have been charged erroneously or inappropriately, local finance teams work collaboratively with their corporate counterparts to determine an appropriate resolution.

In addition, the annual buildup of allocations depends in large part on input from the business units which receive allocations in order to ensure the alignment of priorities. Results of allocations relative to budget and business unit expectations are also scrutinized monthly in the context of cross functional operations meetings.

Witness: Jill Schwartz

American Electric Power Company, Inc.
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DATA REQUEST

KPSC 1_19 Refer to the Application and Direct Testimonies, generally, which state that Liberty plans to add an estimated 100 jobs to conduct in Kentucky Power's service territory many, if not most, of the centralized functions currently performed by AEP Service Corp. (AEPSC) in Columbus, Ohio. Provide the preliminary estimated total cost of the additional labor, office space, equipment, and material for the additional 100 jobs.

RESPONSE

Liberty's preliminary estimate for the additional labor is approximately $11.4 million. We anticipate using space in existing facilities and will leverage the existing fleet for field-based roles. We anticipate a standard suite of end user technology.

Refer to JA_R_STAFF_1_19_ConfidentialAttachment_Liberty KY new jobs 3.xls for details behind the additional labor cost, as well as the response to Staff 1-17 for the costs expected to displace costs currently incurred by Kentucky Power through AEPSC.

Witness: Peter Eichler

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DATA REQUEST

KPSC 1_20 Refer to the Application, paragraph 2, which asserts that Liberty plans to operate Kentucky Power "with a cost-effective structure for the Company's customers." Explain in specific detail and provide examples how the post-closing structure of Kentucky Power would be cost-effective for Kentucky Power's customers.

RESPONSE

The reference in question indicates Liberty's plan to design and staff the functions currently performed by AEPSC with careful consideration of the underlying costs, accordance with the local and regional labor market insights, and evaluation of opportunities for operating efficiency enhancements.

While no specific detail has yet been formulated, Liberty has taken similar approaches in other jurisdictions. For example, in the instance of Empire Electric, at the time of acquisition, the average O&M per customer under prior ownership was approximately $948. By 2021, this had been reduced to $892, a reduction of nearly 6%. We intend to take a similar approach in Kentucky.

Witness: Peter Eichler

DATA REQUEST

KPSC 1_21 Refer to the Application, paragraph 2. Explain when Liberty will begin the search for a Kentucky-based president for Kentucky Power and how this search will be conducted.

RESPONSE

Upon closing, David Swain will assume the position of President of Kentucky Power. Mr. Swain has deep experience within the utilities sector. He has spent over 40 years in the industry and has played a leadership role with Liberty as the President of its Central Region, which includes the following utilities: The Empire District Electric Company, The Empire District Gas Company, Empire District Industries, Inc., Liberty Utilities (Midstates Natural Gas) Corp., Liberty Utilities (Missouri Water) LLC, Liberty Utilities (Pine Bluff Water) Inc., and Liberty Utilities (Arkansas Water) Corp. He will be based in Kentucky.

Witness: David Swain

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DATA REQUEST

KPSC 1_22 Identify which, if any, of Liberty’s U.S. acquisitions of regulated electric utilities includes the acquisition of a non-regulated affiliate of the regulated electric utility.

RESPONSE

On January 1, 2017, Liberty Utilities (Central) Co. acquired The Empire District Electric Company which has two subsidiaries that are unregulated – EDE Property Transfer Corp. and EDE Company Arkansas, LLC. Neither of these entities conduct any business.

Witness: Peter Eichler

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DATA REQUEST

KPSC 1_23 Refer to the Application, paragraph 12, which states that Algonquin Power & Utilities Corp. (Algonquin) obtained a $2.725 billion acquisition financing commitment and intends to finance the remainder of the purchase price in 2022. Provide the status of Algonquin's financing for the $121 million remainder of the $2.846 billion purchase price.

RESPONSE

The purchase price of approximately $2.846 billion includes APUC assuming approximately $1.221 billion in existing Kentucky Power Company debt and the cash purchase price is approximately $1.6 billion. Concurrent with the announcement of the acquisition of Kentucky Power in October 2021, APUC raised approximately $620 million through a bought deal common equity offering and in January 2022 raised an additional approximately $1.1 billion in hybrid debt. The remainder of the cash purchase price and any debt that will be repaid on completion of the acquisition is expected to be satisfied through a variety of funding sources, which may include a combination of additional hybrid debt, equity units and/or the monetization of non-regulated assets or investments.

Witness: Michael Mosindy

DATA REQUEST

KPSC 1_24 Refer to the Application, paragraph 13, which identifies regulatory approvals necessary to close the proposed transaction. Provide the status of the requested approvals required in accordance with the Hart-Scott-Rodino Antitrust Improvements Acts of 1976, Federal Communications Commission, Committee on Foreign Investment in the United States, and U.S. District Court for the Southern District of Ohio.

RESPONSE

The Joint Applicants made the required filing under the Hart-Scott-Rodino Antitrust Improvements Acts ("HSR Act") on December 20, 2021. The waiting period under the HSR Act went into effect on December 30, 2021 and will expire as of Monday, January 31st at 11:59 pm.

The Joint Applications made the required filings to the Committee on Foreign Investment in the United States ("CFIUS") on December 2, 2021. On January 5, 2021 CFIUS determined there were no unresolved national security concerns.

The Joint Applicants are currently preparing a filing and coordinating with the parties to the proceeding pending before the U.S. District Court for the Southern District of Ohio.

The FCC consented to the assignment of certain Kentucky Power licenses to Wheeling Power Company on January 13, 2022. Joint Applicants expect to file an application to the FCC to transfer control of Kentucky Power prior to closing. The FCC typically approves such applications within 30 days.

Witness: Stephan T. Haynes and Peter Eichler

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DATA REQUEST

KPSC 1_25 Refer to the Application, paragraph 33, which states that, after the proposed transaction closes, Kentucky Power would reopen a customer walk-in center in Ashland and at least one other community. Confirm that the reopened customer walk-in center in at least one other community would occur at one of Kentucky Power's existing service centers in Hazard and Pikeville, or offices in Paintsville and Whitesburg.

RESPONSE

The decision on a location for the second walk-in center has not yet been made. While it will be Liberty's preference to open a walk-in center at existing Kentucky Power locations, Liberty has opened standalone walk-in centers in customer populations that are more convenient for customers than operations centers. Evaluation of the most ideal location will begin immediately after closing of the transaction.

Witness: David Swain

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DATA REQUEST

KPSC 1_26 Provide the estimated incremental cost for the proposed reopened customer walk-in centers.

RESPONSE

Liberty anticipates the one-time incremental capital cost to build out, furnish and commission a customer-accessible retail space to be $500,000 to $600,000 per site. The anticipated operating costs for rent, utilities, cleaning, security, telecommunications-internet and other facilities overheads are $4,500 to $5,000 per month per site.

Witness: David Swain

DATA REQUEST

KPSC 1_27 Refer to Eichler Direct Testimony, page 36, which states that Liberty intends to “open at least two customer walk-in centers.” Explain whether this reference is to the “reopened” customer walk-in centers referenced in Item 25 above or whether Liberty has any plans to open service centers or offices in Kentucky Power’s service territory in addition to the current locations of Ashland, Hazard, Pikeville, Paintsville, and Whitesburg. If Liberty plans to open additional customer walk-in centers other than those referenced in Item 25 above, provide the incremental costs for additional customer walk-in centers.

RESPONSE

There are no other walk-in centers planned other than those referenced in Staff 1-25.

Witness: David Swain

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DATA REQUEST

KPSC 1_28 Refer to Direct Testimony of Stephan T. Haynes (Haynes Direct Testimony), page 9. Provide the status of the negotiations to replace the equipment master leases for property, plant, and equipment and explain whether any of the potential third parties who could become parties to the new leases include any Liberty subsidiaries.

RESPONSE

As of January 14, 2022, the Joint Applicants are still discussing whether Liberty will assume the current leases or whether they will be terminated. If the leases are assumed by Liberty, the intent would be to establish new lease lines with the existing third party lessors of Kentucky Power and Kentucky Transmission Company leased assets, and assign and/or transfer the leases to Liberty. Our intent, if Liberty chooses to keep the leases, is to only assign/transfer the leases related to this transaction to Liberty; it does not contemplate any other assets being included for any of Liberty’s subsidiaries or for any assets of Algonquin or its subsidiaries to be included in a way that makes Liberty the lessee for said assets.

Witness: Stephan T. Haynes

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DATA REQUEST

KPSC 1_29 Refer to Haynes Direct Testimony, page 10, regarding the AEP Utility Money Pool. Provide the AEP Utility Money Pool borrowing rate for the past 12 months.

RESPONSE

The Money Pool rates for the past 12 months can be found in JA_R_KPSC_1_29_Attachment1.

Witness: Stephan T. Haynes

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DATA REQUEST

KPSC 1_30 Refer to Haynes Direct Testimony, page 10. Describe the degree to which AEP and Kentucky Power will involve Liberty in the refinancing of the term loan that will mature on March 6, 2022. Also, if the refinancing is completed prior to May 4, 2022, provide the final loan terms and revised capital structure, with all supporting documentation and calculations, when the refinancing is completed.

RESPONSE

AEP has had a discussion with Liberty regarding the term loan maturing in March 2022 and AEP intends to extend the maturity for a yet to be determined period that will not exceed two years.

Witness: Stephan T. Haynes

DATA REQUEST

KPSC 1_31 Refer to Haynes Direct Testimony, pages 11–12, regarding the Transition Services Agreement. Also refer to the Purchase Agreement, Exhibit A, Transition Service Agreement (Transition Service Agreement), generally, and to Exhibit A to the Transition Service Agreement, which lists the descriptions of services to be provided by AEP and the term for which each service will be provided. Explain whether Liberty contemplates needing PJM Market Operations Services from AEPSC for one month, as stated in the Transition Service Agreement, Exhibit A, and explain how, post-acquisition, Kentucky Power would ramp up its ability to provide PJM market operations services within one month of the effective date of the Transition Service Agreement.

RESPONSE

Liberty is working with a third-party vendor to assist with project management and implementation. The third-party vendor will be providing Market Operations services, including the day-to-day mechanical process for marketing and fuel procurement for a period of time until Liberty implements marketing software for the PJM market, completes the necessary PJM training, and establishes complete business processes to ensure a smooth transition for all marketing and fuel procurement activities.

Witness: Drew Landoll

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DATA REQUEST

KPSC 1_32 Refer to Direct Testimony of David Swain (Swain Direct Testimony), page 4. Provide examples of how Liberty subsidiaries "foster[ed] relationship with local educations institutions who provide the workforce of the future."

RESPONSE

Examples of some of the relationships with local educational institutions are:

- Participation in career fairs with Missouri University of Science and Technology, University of Arkansas, & Missouri State University during 2021;
- Anticipated participation in fall career fairs with the same schools during 2022;
- Established a connection between the Career Department of Pittsburg State University and Liberty's department heads for Finance/Accounting to partner with job postings and to be available for upcoming events assisting students in resume critiquing and mock interviews;
- Partnership with Oklahoma State University's career center to advertise the actively recruited roles suitable for recent graduates;
- Ongoing one- and two-term co-op placement programs with multiple Ontario, Canada universities for students across multiple disciplines into Engineering, IT, HR, Regulatory, Finance, Accounting and other departments; and
- Collaboration with a number of U.S. institutions to design a Liberty Foundations Program for recent graduates that enables a bridge from internships into full time positions following several rotations in different departments across the company.

Witness: David Swain

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DATA REQUEST

KPSC 1_33 Refer to Swain Direct Testimony, page 5, which states that some independent directors serve on multiple Liberty subsidiaries in the same region. Although Kentucky Power will be in its own region, explain whether Liberty plans to appoint the same independent directors on utility boards in other regions to Kentucky Power's board and, if so, identify which independent directors would be on Kentucky Power's board.

RESPONSE

The initial directors for Kentucky Power's board will consist of the same members as those on the boards of Liberty's Central Region utilities, with the exception of an independent member added specifically for the Kentucky Power service territory to represent the needs of the local community. Please see Liberty's response to AG-1-35 for the names of the Directors.

Witness: David Swain

DATA REQUEST

KPSC 1_34 Refer to Swain Direct Testimony, pages 7 and 10 and Eichler Direct Testimony, page 8. Explain whether Liberty intends to maintain Kentucky Power and AEP Kentucky Transmission Company, Inc. (Kentucky Transco) as separate entities.

RESPONSE

Yes. Kentucky Power Company and AEP Kentucky Transmission Company, Inc. (which will be renamed "Kentucky Transmission Company, Inc.") will be separate legal entities and direct subsidiaries of Liberty Utilities Co. Page 3 of Exhibit 6 to the Joint Application shows the organizational structure intended to be used by Liberty upon closing of the transaction.

Witness: David Swain

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DATA REQUEST

KPSC 1_35 Refer to Swain Direct Testimony, page 19. Provide examples of community outreach and economic development activities conducted by Liberty's regulated utilities, and any community outreach and economic development activities have been identified to implement in Kentucky Power's service territory if the proposed transaction is approved.

RESPONSE

Liberty emphasizes community involvement across all its regulated subsidiaries. Provided they align with the company's core values, specific initiatives to be pursued are largely left in the discretion of the local leadership utility level. Recent examples of community involvement and economic development support include a $55,000 donation to the Boys and Girls Club of Lake Tahoe, California for the construction of a new building, a repurposing of a former substation site into a community park in Baxter Springs, Kansas, sponsorship of the American Association of Blacks in Energy events and scholarships, support of multiple local food banks, support of local Salvation Army and United Way branches, partnerships with local colleges, donations of IT equipment to local schools, and many others. The scope and nature of the community and economic development activities will continue to be determined by the current staff performing these functions. In addition to direct charitable support of organizations, Liberty employees participate in community initiatives such as United Way Days of Caring and other similar activities.

Witness: David Swain

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DATA REQUEST

KPSC 1_36 Refer to Eichler Direct Testimony, page 7, which identifies some of Liberty's commitments to the Commission. Provide a list of the regulatory commitments currently in force from prior Commission Orders for Kentucky Power that Liberty commits to assume.

RESPONSE

The Joint Applicants interpret regulatory commitments to mean reporting and filing requirements the Commission has issued in its orders applicable to Kentucky Power. Kentucky Power complies with all Commission orders and commitments, and will continue to do so should the transfer to Liberty be approved. Please see JA_R_KPSC_1_36_Attachment1 for a list of regulatory obligations currently tracked by Kentucky Power.

Witness:

DATA REQUEST

KPSC 1_37 Refer to Eichler Direct Testimony, page 7, regarding the purchase price. Provide a breakout of the purchase price attributed to Kentucky Power and to Kentucky Transco, and quantify the transaction premium and transaction cost in the purchase price for Kentucky Power and Kentucky Transco, respectively.

RESPONSE

A separate purchase price was not calculated for Kentucky Power and Kentucky Transco; however, based on the relative size of the businesses, utilizing 2020 year end utility plant numbers (including net regulatory assets and deferred taxes) Kentucky Power’s rate base is $1,916,000,000 and Kentucky Transco’s rate base was approximately $133,000,000. Therefore, approximately 93.6% of the purchase price can be attributed to Kentucky Power and 6.4% can be attributed to Kentucky Transco.

This means that of the total purchase price of $2,846,000,000 approximately $2,663,856,000 can be estimated to be attributed to Kentucky Power and $182,144,000 can be estimated to be attributed to Kentucky Transco. Since the book value of the assets at the time of closing is not yet known, the purchase price premium ($2,846,000,000 minus the book value of the assets) is also not yet able to be calculated.

Witness: Peter Eichler

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DATA REQUEST

KPSC 1_38 Refer to Eichler Direct Testimony, page 7, regarding Liberty’s commitment to evaluate Kentucky Power’s participation in PJM within two years of the transaction closing. To the degree known, describe the alternatives that Liberty anticipates it will consider, such as joining another regional transmission organization or independent system operator (RTO/ISO), or energy exchange market. Also, explain how Liberty will provide the Commission with status updates on this evaluation.

RESPONSE

Liberty’s starting point with exploring potential alternatives to Kentucky Power’s participation in PJM will be initially informed by the comments provided by the parties to Kentucky Power’s recent regulatory proceedings where this topic has been explored. These initial insights will be supplemented by Liberty’s own research, discussions with Kentucky Power’s staff and professional advice from external experts. Liberty may explore a range of options relating to Kentucky Power’s participation in PJM. Liberty is amenable to providing regular status report to the Commission and parties to apprise them of its progress.

Witness: Peter Eichler

DATA REQUEST

KPSC 1_39 Refer to the Eichler Direct Testimony, generally, and to the Direct Testimony of Drew W. Landoll (Landoll Direct Testimony), generally, regarding Liberty's experience in owning utilities undergoing energy transitions and locally sourced renewable energy. Explain the process of how Liberty would plan to develop or acquire local sources of renewable energy and how the timing and relative success of this endeavor would relate to the decision whether to remain in PJM.

RESPONSE

Liberty expects that the initial step in evaluating the opportunities for development or acquisition of renewable energy will coincide with Kentucky Power's upcoming IRP filing. The IRP process provides an appropriate forum to explore the need and/or relative merits of various generation procurement options in a manner consistent with Kentucky law. Liberty expects that the referenced PJM evaluation can proceed in parallel with the IRP development, with relevant considerations being reflected in the latter, subject to alignment in the scope and timing.

Witness: Peter Eichler

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DATA REQUEST

KPSC 1_40 Explain how the experiences of Liberty's subsidiaries that are members of an RTO/ISO, especially that of Empire District Electric Company in the Southwest Power Pool, may contribute to Kentucky Power's decision whether to remain in PJM.

RESPONSE

The Empire District Electric Company was a founding member of SPP and remains an active participant in transmission planning, operations, and power marketing. Empire is actively monitoring and participating in a number of SPP working groups to understand and affect policy. Empire's experience in the RTO construct, and in particular, an evaluation of the costs and benefits of various RTO functions, as discussed in multiple retail regulatory proceedings (Missouri: EO-2012-0269, EW-2021-0104; Kansas: 17-SPPE-117-GIE; AR: 04-137-U), will be a source of knowledge for an evaluation of continued participation in PJM. Liberty understands that an evaluation of continued participation in PJM requires a thorough and robust review and the experience of Empire will be imperative to conducting such a review.

Witness: Drew Landoll

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DATA REQUEST

KPSC 1_41 Refer to Eichler Direct Testimony, page 24. Discuss what happens, both the financial consequences and potential remedies, if the proposed transaction does not close by October 26, 2022.

RESPONSE

If the transaction does not close by October 26, 2022 as a result of not obtaining required regulatory approvals set out in Section 7.1 of the Stock Purchase Agreement, the outside date for closing of the transaction is extended by 6 months. If the transaction has not closed for other reasons or the additional 6 months has lapsed, then there are two options: (1) the parties can agree to continue to pursue the closing; or (2) to the extent it has not materially breached the agreement and caused the failure to close, either party can terminate the agreement. If the acquisition agreement is terminated in certain circumstances, namely failure to receive required regulatory approvals (other than the approval of the Public Service Commission of Kentucky, FERC or the Public Service Commission of West Virginia for the termination and replacement of the existing operating agreement for the Mitchell Plant or where a non-Liberty party may have breached its obligations under the agreement and caused such failure) or where all conditions are met and Liberty does not close, Liberty may be required to pay a termination fee of $65 million. If the agreement is terminated for willful breach or fraud of a party, the other party may have available to it remedies at common law or equity.

Witness: Peter Eichler

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DATA REQUEST

KPSC 1_42 If the proposed transaction does not occur, provide the costs for which Kentucky Power's ratepayers would be responsible.

RESPONSE

Kentucky Power customers will not be responsible for transaction costs.

Witness: Stephan T. Haynes

DATA REQUEST

KPSC 1_43 Refer to Eichler Direct Testimony, page 33. State whether negotiations regarding the Bridge Power Coordination Agreement have begun and provide the status of the negotiations. If negotiations have not begun, provide the expected date by which negotiations will start.

RESPONSE

Negotiations regarding the Bridge Power Coordination Agreement have not begun but are expected to occur in January 2022.

Witness: Stephan T. Haynes

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DATA REQUEST

KPSC 1_44 Refer to Eichler Direct Testimony, pages 33–34. Explain whether the Bridge Power Coordination Agreement would only extend to cover the 2024/2025 Planning Year if the FRR commitment date for that particular year had passed before this transaction was complete or whether there are other factors for Kentucky Power to consider or scenarios in which the Bridge Power Coordination Agreement could be extended to the 2024/2025 Planning Year or later.

RESPONSE

There are no other factors. The Bridge PCA is meant to cover the period of time where Kentucky Power, as an AEP affiliate, has made a PJM FRR commitment prior to or within a short period after the approval of the transaction.

Witness: Stephan T. Haynes

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DATA REQUEST

KPSC 1_45 PJM's Base Residual Auction (BRA) for the 2023/2024 Delivery Year, most recently set to be run on January 25, 2022, has been further delayed due to a recent Federal Energy Regulatory Commission (FERC) decision, which will also delay future auctions and the respective Fixed Resource Requirement (FRR) commitment dates. Because Kentucky Power will remain a party of AEP's FRR plan under the Bridge Power Coordination Agreement, explain whether the change in BRA timing may affect the duration of the Bridge Power Coordination Agreement and whether the timing may affect any other parameters of the agreement.

RESPONSE

The Bridge Power Coordination Agreement would only extend to cover a planning year if the FRR commitment date for that particular year had passed before or within a short period after the transaction was complete. PJM is still in the process of finalizing dates for future auctions and commitment deadlines.

Witness: Stephan T. Haynes

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DATA REQUEST

KPSC 1_46 If the proposed transaction is approved, explain whether AEP's East Zone cost allocation methodology will remain in place so long as a post-acquisition Kentucky Power remains in AEP's East Zone per the time period specified in the Purchase Agreement.

RESPONSE

As specified in Section 4.8(b) of the Purchase Agreement, the Purchaser shall cause Kentucky Power to maintain itself as a "Load Serving Entity" under the PJM Market Rules until the completion of all remaining "Planning Periods" (as defined in the PJM Market Rules) for which Kentucky Power has committed to jointly participate in a "Fixed Resource Requirement Alternative" and, for that same period, shall cause Kentucky Power's transmission assets to remain included in the "AEP Zone" in accordance with Attachment H-14 of the PJM Tariff. The commitment to stay in PJM and the AEP Zone extends to 6 months beyond the end of the last FRR period. Attachment H-14 of the PJM Tariff specifies the annual transmission rate and methodology for allocation of PJM assessments for the AEP Zone.

Witness: Amanda R. Conner

American Electric Power Company, Inc.
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DATA REQUEST

KPSC 1_47 Refer to Eichler Direct Testimony, pages 33–34. Explain whether AEP’s cost allocation methodology for the PJM Open Access Transmission Tariff will continue if the proposed transaction is approved.

RESPONSE

The transaction’s approval will not impact PJM’s cost allocation methodology for the PJM Open Access Transmission Tariff. However, upon closing and subject to FERC approval, Kentucky Power will be removed from the Transmission Agreement among the AEP-east operating companies.

Witness: Amanda R. Conner

American Electric Power Company, Inc.
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DATA REQUEST

KPSC 1_48 If, post-acquisition, Kentucky Power decides that it should remain in PJM, describe the timeline and the relevant factors that Kentucky Power will consider for deciding whether to participate in the PJM Capacity Market (the Reliability Pricing Model Market) and the BRA, or whether to elect the FRR on its own apart from the AEP East Zone, the election of which requires a commitment for five consecutive delivery years.

RESPONSE

Overview:

- Most PJM utilities serve load and offer supply into the PJM capacity market, known as the Reliability Pricing Model (RPM). However, PJM rules allow for a Load Serving Entity (LSE) to elect the PJM Fixed Resource Requirement (FRR) alternative in lieu of participation in the RPM capacity market.
- The FRR alternative enables an LSE to effectively "opt out" of the RPM capacity market and use its own or contracted-for resources to serve the LSE's load.
- The applicable FRR rules are specified in PJM Governing Documents, specifically the Reliability Assurance Agreement among Load Serving Entities in the PJM Region (RAA) at section 8.1 and the PJM Tariff, Attachment DD, and in Manual 18, section 11. Under the RAA, participation in the FRR alternative is available to those LSEs that are: (i) investor-owned utilities (ii) municipal public power entities or, (iii) electric cooperatives.

Timeline:

- Leading up to the administration of a PJM RPM Base Residual Auction (BRA), typically conducted three (3) years in advance of a delivery year, under the RAA (Schedule 8.1 (C) (1)), an LSE that elects the FRR for the first time is obligated to provide notice to PJM of an FRR election at least four months before the BRA for the first delivery year for which such election is to be effective.
- Note that a PJM delivery year runs from June 1 to the end of following May of the next year.
- The FRR LSE must also demonstrate an ability to satisfy its capacity obligation one month prior to the BRA for the applicable forward delivery year. This FRR plan outlines capacity resources committed to satisfy the LSE's peak load, plus an installed reserve margin for the applicable delivery year. The LSE would file an

updated FRR plan prior to each applicable BRA for the term of its FRR commitment.

Considerations:

- While not exhaustive, and not reflective of a Liberty Utilities/Kentucky Power decision on whether to elect the FRR alternative for future delivery year, an LSE might review the following considerations to determine participation in the FRR alternative:
- First, the FRR alternative enables an LSE to meet its reliability requirement (forecasted peak load plus an installed reserve margin) and load growth for the applicable delivery years with its own or contracted resources. Accordingly, the LSE that elects the FRR option would need to have sufficient owned/contracted resources, or, if short capacity, the ability to contract for resources, to self-supply their PJM capacity requirements. On the other hand, if the LSE is "long" capacity, FRR rules impose a holdback that might prevent the LSE from capturing the full monetary value of excess capacity above its load obligations.
- Second, while nominated resources used as part of the LSE's FRR plan must meet the requirements applicable to capacity resources, including being subject to PJM's Capacity Performance (CP) rules, as an alternative to the financial penalty for any CP resource non-performance in the PJM Tariff, Attachment DD that applies to RPM capacity market resources, the FRR rules provides for a "physical" option in which, in lieu of a financial penalty, the FRR LSE would update its FRR plan with additional capacity in the following year's plan submittal, should the FRR resources in the LSE's FRR plan fail to perform during a PJM emergency action event.
- Thirdly, as an opt-out to the RPM capacity market, an FRR LSE is not exposed to clearing against the RPM's Variable Resource Requirement (VRR) curve, and as such the LSE would avoid charges for PJM over-procurement of capacity beyond the reliability requirement that is a feature of clearing against the VRR curve.

Witness: Drew Landoll

American Electric Power Company, Inc.
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DATA REQUEST

KPSC 1_49 If, post-acquisition, Kentucky Power decides that it should exit PJM, explain how Kentucky Power plans to ensure adequate and robust resource adequacy for its consumers in both the short and long term, especially given the upcoming expiration of the Rockport Unit Power Agreement and the loss of supply from the Mitchell Plant after 2028.

RESPONSE

Whether to remain in PJM or change the basis for its participation in PJM will require analysis and is a long-term consideration for Kentucky Power. For the near term, as discussed in Witness Eichler's testimony at p. 33. Kentucky Power and AEP have agreed to negotiate a Bridge Power Coordination Agreement, which, among other matters ensures that Kentucky Power meets its capacity needs through the 2023/2024 PJM Planning year at a minimum. Over the longer term, Liberty expects Kentucky Power to identify the optimal sources of capacity and energy (as relevant) through the triennial IRP process which will provide the Commission and parties with ample opportunity to review and comment.

Witness: Drew Landoll

American Electric Power Company, Inc.
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DATA REQUEST

KPSC 1_50 Refer to Eichler Direct Testimony, page 36. Expand upon the "new performance indicators and deployment of technologies that enable near-real time evaluation of customer feedback."

RESPONSE

Liberty is in the process of implementing tools and processes to obtain customer feedback after a customer has a telephone interaction with the company using the Qualtrics platform. Immediately following a call to the company by a customer, feedback that is captured is used to follow up with customers who report having poor experiences and to train call center team members as may be necessary. Over the longer term, Liberty will be aggregating the feedback to determine areas of focus for customer experience improvement.

Witness: Peter Eichler

American Electric Power Company, Inc.
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DATA REQUEST

KPSC 1_51 Refer to Eichler Direct Testimony, page 33, which states that the services provided under the Transition Service Agreement will be performed "at cost." Also reference to the Transition Service Agreement, Exhibit B, which states that reimbursable costs to AEP are the "Employee-Related Expense, plus an additional amount equal to such cost multiplied by 0.35, multiplied by hours of service provided." Reconcile the discrepancy between "at cost" and cost plus calculation for reimbursable costs for the transition services to be provided by AEP.

RESPONSE

The reimbursable costs referenced herein are costs such as facilities and IT costs, and benefit costs that are incurred for employees to carry out duties identified in the Transition Services Agreement and do not have a profit component to them. As such, they are being charged at cost.

Witness: Peter Eichler

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DATA REQUEST

KPSC 1_52 Refer to Eichler Direct Testimony, pages 38–39. Explain whether Liberty performs demand side and resource supply side modeling for Integrated Resource Plans at the centralized corporate services level or at the local utility level.

RESPONSE

Integrated Resource Planning occurs at the local utility level.

Witness: Drew Landoll

American Electric Power Company, Inc.
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DATA REQUEST

KPSC 1_53 Refer to Eichler Direct Testimony, Exhibit PE-2, generally, which states that Algonquin plans to finance the remainder of the purchase price with hybrid debt, among other financing options. Describe this hybrid debt, explain whether previous Algonquin or Liberty acquisitions were financed with hybrid debt financing, and, if so, provide the terms for Algonquin's or Liberty's hybrid debt financing.

RESPONSE

In January 2022 APUC issued approximately $1.1 billion in hybrid debt to fund the acquisition of Kentucky Power Company. Prior to these issuances in January 2022, APUC completed two previous issuances of hybrid debt in 2018 and 2019 of which proceeds were allocated to finance acquisitions. Hybrid debt is treated as debt under GAAP in the financial statements but rating agencies provide equity treatment in the calculation of their credit metrics given some of the characteristics which include the ability to defer coupon payments and conversion into preferred shares in the event of default.

Witness: Michael Mosindy

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DATA REQUEST

KPSC 1_54 Refer to Eichler Direct Testimony, Exhibit PE-2, page 17, in which S&P Global expresses concern over the post-closing level of debt in the funding plan. Explain how Liberty and, post-closing, Kentucky Power plans to address that concern.

RESPONSE

Concurrent with the announcement of the acquisition of Kentucky Power in October 2021, APUC raised approximately $620 million through a bought deal common equity offering and in January 2022 raised an additional approximately $1.1 billion in hybrid debt. The remainder of the cash purchase price and any debt that will be repaid on completion of the acquisition is expected to be satisfied through a variety of funding sources, which many include a combination of additional hybrid debt, equity units and/or the monetization of non-regulated assets or investments owned by Liberty's parent.

Witness: Michael Mosindy

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DATA REQUEST

KPSC 1_55 Explain whether Liberty's access to capital has been easier or more difficult following each of the recent acquisitions by Liberty in the past ten years.

RESPONSE

Liberty's access to capital has become relatively easier with each acquisition over the past 10 years. All in all, Liberty, through its financing affiliate, has raised over $1.8 billion of long-term debt through private placements and the U.S. 144a market, and APUC has raised over $7 billion of equity and equity linked securities over that same period in support of its regulated and unregulated operations.

Witness: Michael Mosindy

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DATA REQUEST

KPSC 1_56 Discuss what effect the proposed transaction will have on Liberty's ability to borrow capital.

RESPONSE

The transaction will not materially affect Liberty's ability to borrow capital.

Witness: Michael Mosindy

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DATA REQUEST

KPSC 1_57 Provide any studies performed by Liberty regarding the impact the proposed transaction could have on Liberty's credit rating, ability to borrow, and capital structure.

RESPONSE - CONFIDENTIAL

Please see attached JA_R_STAFF_1_57_Confidential Attachment_APUC SP RES.pdf.

Witness: Michael Mosindy

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DATA REQUEST

KPSC 1_58 Regarding Liberty's short term money pool, provide the monthly money pool borrowing interest rates for the past 12 months and the costs paid by each regulated electric utility subsidiary of Liberty for the past 12 months for use of and maintaining the money pool.

RESPONSE

For the 12 months ending December 31, 2021, the average money pool borrowing interest rate was 0.27% which represents the average borrowing cost Liberty incurred on its commercial paper program. There are no other costs charged to the utilities for use of or maintenance or participating in the money pool.

Witness: Michael Mosindy

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DATA REQUEST

KPSC 1_59 Refer to Landoll Direct Testimony, page 4, Table 1. Confirm that each entity operates the generation resources they own. If not, explain how these resources are operated.

RESPONSE

The Empire District Electric Company (EDE) owns and operates the following:

- State Line Combined Cycle
  - In partnership with Westar Energy, a 40% minority owner
  - EDE operates the unit on behalf of the joint owners
- State Line Unit 1
  - Wholly owned and operated by EDE
- Riverton Unit 12 Combined Cycle
  - Wholly owned and operated by EDE
- Rivertion Unit 10 and 11
  - Wholly owned and operated by EDE
- Energy Center Units 1, 2, 3, and 4
  - Wholly owned and operated by EDE
- Ozark Beach Units 5, 6, 7, and 8
  - Wholly owned and operated by EDE
- North Fork Ridge, Kings Point, and Neosho Ridge Wind Farms
  - Operated by EDE, jointly owned with Tax Equity Partners
- Prosperity Solar Facility
  - Wholly owned and operated by EDE
- Plum Point Generation Station
  - Jointly owned unit, EDE ownership is 7.52%
  - Is not operated by EDE
  - Operations is by Plum Point Services Company, LLC
- Iatan Units 1 and 2
  - Jointly owned unit, EDE ownership is 12%
  - Is not operated by EDE
  - Operations is by Evergy

CalPeco Electric operates the following

- Luning and Turquoise Solar Projects
  - Operated by SOLV, jointly owned with tax equity partners

BELCO operates the following

- North Power Station

- Wholly owned and operated by BELCO

Witness: Drew Landoll

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DATA REQUEST

KPSC 1_60 Refer to Landoll Direct Testimony, pages 15–16.

a. Explain Liberty's experience regarding the execution of utility scale purchase power agreements.

b. Explain Liberty's experience regarding the construction of generation resources.

RESPONSE

a. Liberty has significant experience in negotiation and execution of power purchase agreements, including the following procurements:

- Plum Point Generation Station, 2010 - Approximately 50 MW of coal generation
- Elk River Windfarm LLC, 2004 - 150 MW of wind generation
- Cloud County Windfarm LLC, 2007 - 105 MW of wind generation
- NV Energy, 2010 – Energy Services Agreement for Liberty Tahoe Electric - 139 MW of peak capacity

b. Liberty has successfully completed many generation construction projects. Listed below are projects successfully executed within the last 15 years, listed in chronological order from the most recent (capacities listed are approximate nameplate):

- Prosperity Solar Facility, 2021 - 2.25 MW of Community Solar
- Neosho Ridge Wind Farm, 2021 - 300 MW of wind generation
- Kings Point Wind Farm, 2021 - 150 MW of wind generation
- North Fork Ridge, 2021 - 150 MW of wind generation
- Turquoise Solar Project, 2019 - 10 MW of solar generation
- Luning Solar Project, 2017 - 50 MW of solar generation
- Riverton simple cycle to combined cycle conversion, 2016 - 250 MW of gas generation
- Asbury Air Quality Control Retrofit System, 2014 – 200 MW, Generator uprate, bag house and dry-scrubber addition
- Plum Point Coal Generating Station, 2010 - New construction joint-owned coal unit
- Iatan II – Coal Generation Station, 2010 - New construction joint-owned coal unit

Witness: Drew Landoll

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DATA REQUEST

KPSC 1_61 Refer to Landoll Direct Testimony, generally. In 2021 and again in January 2022, Kentucky Power experienced significant customer outages due to weather events, especially snow and ice. Describe Liberty's understanding of Kentucky Power's infrastructure and outage history, and how Liberty will address this issue.

RESPONSE

Joint Applicants note that the referenced weather events were so severe and unusual that Governor Andy Beshear declared a state of emergency across the Commonwealth to address the damage caused by each of them. Kentucky Power's distribution system is located in some of the most rugged and steep terrain in the Common Wealth of Kentucky. Its approximate 8,200 miles of primary distribution lines averages serving 20 customers per mile and roughly 47 percent of the lines are 34.5 kV. The 34.5 kV system is economical in serving coal mining loads by mitigating voltage flicker that can be caused by current inrushes during operation of large motors on continuous mining machines, but it also provides opportunity to serve more load per station circuit, but since the customers are sparsely populated several miles are built per circuit adding exposure from the environment compared to an all 12kV system, for example. Kentucky Power has been and will continue building targeted line relocations, tie lines between circuits, adding circuit reconfiguration and circuit automation, adding substations and circuit breakers, implementing programs to reduce equipment failures and widening rights of way where possible. All of these measures have helped reduce outages and will continue to works towards improving reliability for its customers.

Witness: Drew Landoll

DATA REQUEST

KPSC 1_62 Refer to the Purchase Agreement, Article 2.16, and Seller’s Disclosure Letter, Section 2.16(c). Explain Liberty’s and AEP’s respective environmental liabilities regarding Kentucky Power assets after the acquisition closes.

RESPONSE

All environmental liabilities associated with Kentucky Power’s assets and business remain with Kentucky Power, are unaffected by the sale of the stock of Kentucky Power to Liberty and will remain liabilities of Kentucky Power. Kentucky Power environmental liabilities will not be assumed by AEP. AEP will not indemnify Liberty for any environmental liabilities associated with Kentucky Power’s assets and business.

Witness: Stephan T. Haynes

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DATA REQUEST

KPSC 1_63 Refer to the Purchase Agreement, Appendix III, which contains Kentucky Power's forecasted capital expenditures. Explain whether Liberty intends to continue with the capital investment plan contained in this Appendix through 2023 and, if not, provide the revised capital expenditure plan.

RESPONSE

Liberty intends to continue with the capital plan; however, upon assuming ownership, Liberty will evaluate the feasibility of completing the capital investment plan outlined in Appendix III.

Witness: David Swain

American Electric Power Company, Inc.
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DATA REQUEST

KPSC 1_64 Refer to the Transition Service Agreement, Exhibit A, which lists the descriptions of services to be provided by AEP and the term for which each service will be provided. Explain whether the term for each service is indicative of the priority of and when Liberty will have the appropriate personnel in place to perform those functions. Also, for each of the services, identify which of these functions will be performed by the additional employees that Liberty anticipates hiring and which functions will be performed by Liberty's centralized corporate services.

RESPONSE

The term for each transition service is not indicative of the priority of and when Liberty will have appropriate personnel in place. The term for TSA services is driven by the complexity of separating the processes out of AEP's systems or by the specialized training needs. For many short-term services, the term is driven by time to transfer detailed specific knowledge effectively and to bridge any timing challenges to hire and train new hires for specialist skills. The table below shows the criteria driving the need for TSA and which personnel will perform the work/ use the new systems post-TSA noting the third scenario, systems / processes performed by transitioning Kentucky Power employees.

Transitional Service	Term (mo)	Criteria for exit	Post TSA work Performed by
Environmental 1	6 mo	Volume of data transfer; Appropriate personnel trained	New local hires in Kentucky
Generation 1/2	6 mo	On the job knowledge transfer	Existing Kentucky-based employees
Generation 3/4	6 mo	Specialist expertise	Third Party
NERC 1	6 mo	Knowledge transfer	New local hires in

			Kentucky
Transmission-1	24 mo	Complex systems replacement; lead time to certify specialist resources	New hires (location TBC)
DDC-1	12 mo	Complex systems replacement	Existing Kentucky based employees
Market Operations 1-8	1 mo	Systems transition and knowledge transfer.	Third Party/ centralized services
IT 1- 2	18 mo	Complex systems transition	New local hires in Kentucky and existing Kentucky-based personnel
OT 1	18 mo	Complex systems transition	
Accounting 1-2	18 mo	Term reflective of knowledge transfer and certain constraints in use of AEP's finance IT system	New local hires in Kentucky
Regulatory 1-2	12-15 mo	Transfer of specialist knowledge and historical information	Existing local Kentucky employees and new local hires.
Customer 1 – 4	18 mo	Complex systems transition	New local hires in Kentucky
SME 1	6 mo	Knowledge transfer	N/A
Procurement 6	18 mo	Complex systems transition	New local hires in Kentucky
Project Mgt 1	6 mo	Knowledge transfer/ continuity of expertise	New local hires in Kentucky and existing Kentucky-based personnel

Other 1	TBD	Anticipate any systems transition complications or unidentified specialist knowledge transfer	TBD

Witness: Peter Eichler

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DATA REQUEST

KPSC 1_65 Refer to the Transition Service Agreement, Exhibit C, which contains services excluded from the Transition Service Agreement. For each service, identify whether Kentucky Power employees or Liberty's centralized corporate services will perform the service.

RESPONSE

Excluded Service	Provided by local or centralized employees
Transmission services	Locally based employees are expected to provide most of the activities, with specialist support and certain supervisory duties performed centrally
Regulatory Services	Local Kentucky employees
Accounting	Local Kentucky employees
Tax Services	Local Kentucky employees with specialist support and certain supervisory duties performed centrally
Planning and Budgeting	Local Kentucky employees
Risk Management	Managed centrally with support from local employees
Treasury, Finance and Investor Relations	Centralized Services
Human Resources	Local Kentucky resources are the first point of contact and liaison with centralized payroll and benefits design

Information Technology	Local Kentucky resources provide ‘desktop services,’ training, and the local network assets; HRIS is provided centrally
Business Logistics	Local Kentucky employees with specialist support and certain supervisory duties performed centrally
Legal Services	Local Kentucky employees with specialist support and certain supervisory duties performed centrally
Internal Audit	Local Kentucky employees with specialist support and certain supervisory duties performed centrally
Corporate communications	Local Kentucky employees with specialist support and certain supervisory duties performed centrally
Environment and Safety	Local Kentucky employees with specialist support and certain supervisory duties performed centrally
Federal/External Affairs	Local Kentucky employees with specialist support and certain supervisory duties performed centrally

Witness: Peter Eichler

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DATA REQUEST

KPSC 1_66 Refer to the Application, Exhibit 6. Explain how Algonquin's and Liberty's utility affiliates procure debt and equity (i.e. each utility procures its own debt financing, Liberty issues debt and equity that are allocated to each utility, etc.).

RESPONSE

APUC issues long-term debt and equity through the capital markets and allocates funds to both its regulated and unregulated businesses through intercompany debt and equity. Liberty through its financing entity issues long-term debt through the capital markets and allocates intercompany debt to each utility. Additionally, APUC and Liberty have revolving credit facilities for short-term funding needs until long-term financing is put in place.

Witness: Michael Mosindy

American Electric Power Company, Inc.
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DATA REQUEST

KPSC 1_67 Refer to the Application, Exhibit 7. Provide a copy of the materials provided AEP's board of directors regarding the decision to sell Kentucky Power and Kentucky Transco to Liberty.

RESPONSE

Please see JA_R_KPSC_1_67_ConfidentialAttachment1. Portions of the document containing attorney-client privileged communications providing legal advice to AEP's board regarding the transaction have been redacted.

Witness: Stephan T. Haynes

JA_R_KPSC_1_67_PublicAttachment1 has been redacted in its entirety.

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DATA REQUEST

KPSC 1_68 Refer to the Application, Exhibit 8. Provide a copy of the materials provided to Liberty's board of directors regarding the decision to purchase Kentucky Power and Kentucky Transco from AEP.

RESPONSE

See attached document: "JA_R_STAFF_1_68_ConfidentialAttachment_APUC - Certificate dated January 18, 2022." Portions of the document containing attorney-client privileged communications providing legal advice to APUC's board regarding the transaction have been redacted.

Witness: Peter Eichler