American Electric Power Company, Inc.
Kentucky Power Company
Liberty Utilities Co.
KPSC Case No. 2021-00481
Commission Staff's Second Set of Data Requests
Dated February 2, 2022

DATA REQUEST

KPSC 2_1 Refer to Kentucky Power's response to Commission Staff's First Request for Information (Staff's First Request), Item 30.

a. Provide an update to the term loan extension.
b. Explain why American Electric Power Company, Inc. (AEP) decided to extend the loan rather than refinance it.
c. Provide the estimated interest rate for the up to two year maturity extension.

RESPONSE

a) The Company is currently working with the existing lenders on an extension of the term loan and expect to execute the extension by March 6, 2022.

b) With regard to the term loan that will mature on March 6, 2022, there is no real distinction in practical terms between extending the term of the loan and refinancing it, and if the lenders and terms do not change (apart from an updated interest rate), extending the maturity of a loan is simply one method of refinancing an indebtedness. The term "extend the maturity" in response to KPSC 1-30 was intended to have the same meaning as the term "refinance" on page 10, line 9 of the Direct Testimony of Stephan T. Haynes. Extending the term of the loan requires the loan to be repriced based on current market conditions, just as would occur in a refinancing, with the potential for reduced transaction costs due to using existing documentation. AEP and Kentucky Power made the decision to extend the term of (refinance) the maturing loan in order to maintain Kentucky Power's existing long-term debt through, and potentially after, closing, as explained on page 10, lines 13 through 16 of Mr. Haynes' Direct Testimony.

c) The estimated interest rate is still unknown. The Company is currently working with the existing lenders on an extension of the term loan and part of the extension process involves repricing the loan based on current market conditions. The actual rate will be known no later than the March 6, 2022 maturity of the existing loan.

Witness: Stephan T. Haynes

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DATA REQUEST

KPSC 2_2 Refer to Liberty's response to Staff's First Request, Item 51. Also refer to the Transition Service Agreement, which is Exhibit A to the Stock Purchase Agreement, filed as Exhibit 5 to the application. Provide American Electric Power Service Corp.'s (AEPSC) costs allocated to Kentucky Power for each of the services listed in the Transition Service Agreement to be provided at cost by AEP, with a breakout for each discrete service.

RESPONSE

AEP and Liberty are continuing to define the scope and details of each discrete service to be addressed in the Transition Service Agreement. The costs charged for such services will be based on the reimbursable costs for the direct service as defined in the SPA. Therefore, the costs of the service cannot be estimated. Joint Applicant's response to AG 1-129[1] provides the historical direct costs paid by Kentucky Power to AEPSC for the past three years, which were:

2019 - $71,191,271
2020 - $70,441,890
2021 - $75,198,283

Witness: Stephan T. Haynes

[1] Filed herein on January 24, 2022 (02_Joint_Applicants_Response_to_AGs_First_DR_Vol_2_pf_2_(Q71-Q134), at page 468 of 475).

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DATA REQUEST

KPSC 2_3 Refer to the Application, generally. Describe Liberty's experience in other jurisdictions with securitization of any items that posed major rate risk to customers, including but not limited to extraordinary storm damage expenses or undepreciated value of retired assets.

RESPONSE

On August 28, 2021, the Missouri Governor signed into law a new mechanism allowing for the financing of certain qualified extraordinary costs and energy transition costs through the issuance of securitized utility tariff bonds provided that the utility demonstrates that the issuance of the bonds and the imposition of securitized utility tariff charges "are expected to provide quantifiable net present value benefits to retail customers." The Empire District Electric Company, a subsidiary of Liberty Utilities Co., filed a financing petition with the Missouri Public Service Commission in January 2022 in which it seeks to securitize qualified extraordinary costs associated with Winter Storm Uri. Empire Electric will be submitting a second financing petition this year in which it will seek to securitize energy transition costs arising out of its retirement of its Asbury coal fired power plant. Empire Electric is the first utility in Missouri to submit a financing petition under this statute.

Witness: Peter Eichler

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DATA REQUEST

KPSC 2_4 Refer to Liberty's response to Staff's First Request, Item 34. Also refer to the Direct Testimony of Peter Eichler (Eichler Direct Testimony), page 8, and the Direct Testimony of David Swain (Swain Direct Testimony), page 7 and 10, regarding AEP Kentucky Transmission Company, Inc. (Kentucky Transco).

a. Provide the number of Kentucky Transco employees.
b. Explain in specific detail why it is in the public interest to maintain Kentucky Transco as a separate entity.
c. Explain in specific detail why the public interest is not better served by merging Kentucky Transco into Kentucky Power.
d. State whether Liberty would commit to merge Kentucky Transco into Kentucky Power and, if not, explain why not.

RESPONSE

a. Kentucky Transco does not have any dedicated employees. Services to Kentucky Transco are currently provided by AEPSC employees.

b. Liberty has not considered merging Kentucky Transco into Kentucky Power and, therefore does not have responsive details to this question.

c. Please see the response to part (b) above.

d. Having not previously considered the feasibility and implications of the commitment in question, Liberty is not in a position to provide a definitive response within the timeline prescribed by the data request turnaround period. This response should not be construed as being indicative of either potential willingness or unwillingness to pursue the suggested course of action.

Witness: Brian K. West

Witness: Peter Eichler

DATA REQUEST

KPSC 2_5 Refer to Liberty's response to Staff's First Request, Item 17, regarding centralized costs, including a comparison of AEPSC's allocation of costs to Kentucky Power and Liberty's anticipated centralized costs.

a. Explain whether Liberty anticipates that the same generation, transmission, and corporate services provided by AEPSC for $75.8 million would cost approximately $67.0 million, with $33.1 million for Algonquin Power & Utilities Corp.'s (Algonquin) cost allocation and $33.9 million for directly providing services currently provided by AEPSC.
b. Explain whether Liberty anticipates that the same functions provided by AEPSC under centralized generation, transmission, and corporate services that will now be provided Liberty or Algonquin under centralized generation, transmission, and corporate services (such as information technology, treasury, and investor relations), are expected to cost approximately $33.1 million.
c. Explain whether Liberty anticipates that the same functions provided by AEPSC under centralized generation, transmission, and corporate services that will now be provided directly by Kentucky Power are expected to cost $33.9 million.

RESPONSE

a. Yes, as reflected on the 'Project Nickel Summary' tab of the attachment provided in response to Staff's First Request, Item 17, Liberty's preliminary analysis indicates that the generation, transmission and corporate services functions provided by AEPSC, and projected to be $75.8 million in 2023, will be provided under Liberty ownership for approximately $67.0 million.

b. In accordance with Liberty's shared services operating model, the preliminary estimates included in the attachment provided in response to Staff's First Request, Item 17 indicate Kentucky Power ("KPCo") will receive allocations from Algonquin Power & Utilities Corp. ("APUC"), Liberty Utilities (Canada) Corp. ("LUCC") and Liberty Utilities Service Corp. ("LUSC") for certain generation, transmission and corporate services which total $33.1 million. The breakdown of the expense categories and departments for the estimated allocations to KPCo are included on the following tabs: ‘APUC Costs’, ‘LUC Costs’, ‘LABS’, ‘LibCorp’, and the ‘Costs Added to LABS’ column on the ‘Incoming Project Costs’ tab.

c. As reflected on the ‘Incoming Project Costs’ tab of the attachment provided in response to Staff’s First Request, Item 17, columns D and G provide the breakdown of the generation, transmission and corporate services, currently provided by AEPSC, that are anticipated to be directly incurred by KPCo under Liberty’s ownership.

Witness: Jill Schwartz

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DATA REQUEST

KPSC 2_6 Refer to Liberty's response to Staff's First Request, Item 5. Explain how other Liberty regulated utilities hand receivables and how Kentucky Power will handle all receivables post-closing.

RESPONSE

All Liberty regulated utilities are individually responsible for the management and collection of receivables. Each follows a Liberty policy that is used to determine the allowance for doubtful accounts, writing off delinquent accounts receivable against the allowance for doubtful accounts, and referring written-off receivables to outside collection agencies. Liberty anticipates that Kentucky Power will handle receivables in a similar manner.

Witness: Peter Eichler

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DATA REQUEST

KPSC 2_7 Refer to Liberty’s response to Staff’s First Request, Item 14. Explain whether Kentucky Power will require debt or equity issuances before 2024. If so, provide the forecasted capital structure of Kentucky Power for 2022 and 2023.

RESPONSE

The forecasted capital structure of Kentucky Power is expected to remain unchanged in 2022 and 2023 at 43.5% equity; and no further issuances are planned at this time. Any outstanding Kentucky Power debt that is refinanced at the time of close will be initially financed short-term with approval of the Federal Energy Regulatory Commission, if required, and converted to long-term debt upon approval from the KPSC, within the first year of closing.

Witness: Peter Eichler

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DATA REQUEST

KPSC 2_8 Refer to Liberty's response to Staff's First Request, Items 23 and 53.

a. Describe how the perceived risk and subsequent interest rates associated with the hybrid debt compares to other forms of debt financing.
b. Describe how ratings agencies view hybrid debt as a financing vehicle as compared to other forms of debt.
c. Explain the form of the hybrid debt that comprise Liberty's $1.1 billion in hybrid debt, i.e. does it take the form of convertible bonds, preferred shares, or something else.
d. Explain how Liberty would propose to treat hybrid debt as a part of its capital structure in Kentucky Power's next rate case.

RESPONSE

a. Hybrid debt has an initial term where the interest rate is fixed. After the initial fixed term the interest rate is reset every five years to a rate that is based on the five-year treasury rate at the time of reset plus a predetermined spread. There is a risk that the future five-year treasury rate is different from today. However, it is important to note that the hybrid debt will be utilized to balance the capital structure of Liberty's ultimate parent, Algonquin, and will not be pushed down on to the books of Kentucky Power. Kentucky Power will only have debt that is currently on its books or subsequently procured by Liberty for the purposes of financing Kentucky Power with the requisite regulatory approvals.

b. Rating agencies view hybrid debt as having equity-like qualities given some of its characteristics.

c. Algonquin Power & Utilities Corp.'s ("APUC") $1.1 billion in hybrid debt is classified as debt under GAAP in its financial statements.

d. Hybrid debt is issued from Liberty's ultimate parent APUC, as such it will not form part of Liberty's capital structure, nor Kentucky Power's. See also the response to subpart a.

Witness: Michael Mosindy

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DATA REQUEST

KPSC 2_9 Refer to Liberty's response to Staff's First Request, Item 31, regarding PJM Interconnection, LLC (PJM) market operations services being provided by a third party vendor post-closing until Liberty implements or completes necessary items. Identify the third party vendor and provide a copy of the third party contract, when available.

RESPONSE

After further discussion, AEP will continue to provide the service under a TSA until such time as the function transitions to Liberty's Energy Services department.

Witness: Aaron Doll

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DATA REQUEST

KPSC 2_10 Refer to Liberty's response to Staff's First Request, Item 51, regarding services to be performed by AEP under the Transition Service Agreement.

a. Explain whether these are costs that Liberty considered as part of the transaction costs that will not be recovered from Kentucky Power ratepayers.
b. Explain how the transition service costs will be recorded and how they will be identifiable in Kentucky Power's next rate case.

RESPONSE

a. The costs in question are not among the costs that are considered as transaction costs, as they represent the compensation for normal-course activities required to ensure safe and reliable operation of Kentucky Power's system. For example, if a function is performed today, it will be performed by the same resources at the same costs under the Transition Services Agreement. In the context of the next rate case, it is anticipated that operating expenses will be adjusted to include known and measurable changes, which would either include the continuation of services under TSA's or the known cost of replacing the TSA with dedicated Kentucky Power services.

b. AEP will provide normal course billings for services provided under TSAs, and as such, will be a cost that is identifiable.

Witness: Peter Eichler

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DATA REQUEST

KPSC 2_11 Provide a chart of the costs for centralized generation, transmission, and corporate services provided by Liberty or Algonquin and allocated to each of Liberty's regulated utility subsidiaries based upon the regulated utility subsidiaries' last rate case in relation to the rate base.

RESPONSE

As discussed in the Cost Allocation Manual, corporate shared services are allocated to regulated utilities based on a four-factor allocation methodology. One of those factors is Net Plant, which is also the largest component of each utility's rate base. To facilitate comparisons across the utilities, please see JA_R_KPSC_2_11_Attachment.xlsx which provides the actual indirect allocations for 2020 and 2021 from Liberty's corporate affiliate cost pools to the regulated utilities, as well as each regulated utility's Net Plant balance used in the CAM factor calculations for 2020 and 2021.

Witness: Jill Schwartz

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DATA REQUEST

KPSC 2_12 Refer to Liberty's response to Staff's First Request, Item 36. Confirm that Liberty commits to assume the filings that are required by Case No. 2007-00023.[2]

RESPONSE

Liberty has reviewed the relevant information and hereby commits to assume the filings that are required by Case No. 2007-00023.

Witness: Peter Eichler.

[2] Case No. 2007-00023, *Petition of Kentucky Power Company for Approval of Spare Transformer Sharing Agreement and Transactions Agreement* (Ky. PSC Feb. 7, 2007).

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DATA REQUEST

KPSC 2_13 Explain whether Liberty intends to continue Kentucky Power's agreements regarding asset sharing agreements and mutual assistance agreements, and, working with Kentucky Power and AEP, provide a list of those agreements.

RESPONSE

The following is the list of responsive agreements Liberty has identified :

- Edison Electric Institute (EEI) Spare Transformer Equipment Program Agreement;
- Affiliated Transactions Agreement;
- Affiliated Transactions Agreement for Sharing Capitalized Spare Parts;
- Affiliated Transactions Agreement for Sharing Materials and Supplies;
- Affiliated Transactions Agreement for Sharing Materials, Equipment, Supplies, and Capitalized Spare Parts;
- Affiliated Transaction Agreement for Sharing Transmission Assets;
- Grid Assurance LLC Subscription Agreement; and
- AEP System Rail Car Use Agreement.

While all of these agreements will be terminated at the transaction's close, Liberty expects to maintain Kentucky Power's participation in the EEI Spare Transformer Equipment Program Agreement and, potentially, enter into a new Grid Assurance LLC subscription as well. Regarding the affiliated AEP agreements listed above, deliberations are ongoing across the relevant transition planning activities. Short-term equivalent agreements may be put in place to facilitate smooth transition with respect to the other agreements listed.

Witness: Drew Landoll

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DATA REQUEST

KPSC 2_14 Refer to Liberty's response to Staff's First Request, Items 38 and 46.

a. Provide an explanation of the PJM requirements or parameters that Liberty will have to work within in its determination of whether to stay within PJM, and, if the decision is to remain within PJM, what are the options available to Liberty as to how it will participate in PJM markets.
b. If PJM determines which load serving entities (LSEs) are placed in any particular zone, explain the factors used to make such determinations and the extent to which Liberty would have any influence on the ultimate determination.

RESPONSE

a. At this early juncture, Liberty expects its evaluation of continued PJM membership to be primarily guided by the determination of the "opportunity cost of remaining" – that is the evaluation of the net benefit to cost ratio of departing versus remaining across all relevant dimensions of impact including but not limited to:

   - Grid and Market Operations;
   - Long-Term Planning;
   - System Response and Reliability;
   - Policy and Compliance;
   - Generator and Load Customer impact (tariffs, services, logistics, etc.).

   Liberty also respectfully wishes to restate the fact that its motivation to investigate the relative merits of remaining in PJM is entirely motivated by its review of the arguments to that effect advanced by stakeholders in recent Kentucky Power proceedings. In other words, PJM departure was not a consideration underlying Liberty's motivation to acquire Kentucky Power. As such, Liberty is motivated to collaborate with Staff and other stakeholders on both the empirical approach and execution mechanics for this investigation.

b. Consistent with the response to AG-2-38, any changes to the Consolidated Transmission Owners Agreement ("CTOA") to permit creation of a new Zone within the AEP Zone would require amendment of Section 7.4 of the CTOA.

Pursuant to Section 8.5.1, such amendment would require 2/3 majority of Transmission Owner Interests.

Witness: Peter Eichler

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DATA REQUEST

KPSC 2_15 Provide the net increase or decrease in costs post-closing that that Liberty anticipates that it will incur regarding the AEP East Transmission System, provided the total estimated cost and a break out for discrete costs. Provide the information in Excel spreadsheet format, with all rows, columns, and formulas unprotected and fully accessible.

RESPONSE

Liberty expects that the transmission system operations costs to be consistent with the status quo under AEP ownership. As to the AEP East Transmission Zone costs, Kentucky Power incurs costs as a Load Serving Entity, please refer to the response KIUC-1-33.

Witness: Justin Claude

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DATA REQUEST

KPSC 2_16 Explain whether, after the post-closing transition period, Kentucky Power could be in its own PJM zone, choose a different zone, or whether the decision lies with PJM.

RESPONSE

Please see the response to AG 2_38.

Witness: Peter Eichler

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DATA REQUEST

KPSC 2_17 Refer to Liberty's response to Staff's First Request, Item 43. Provide a status update on the Bridge Power Coordination Agreement negotiations, which were expected to begin in January 2022, and, if the negotiations continue, provide an updated status report beginning on Friday, February 25, 2022, and continuing every three weeks during the pendency of this proceeding.

RESPONSE

Pursuant to Section 4.8(a)(ii) of the Seller's Disclosure Letter, the Bridge Power Coordination Agreement must be reasonably satisfactory to Liberty. The Joint Applicants have entered into discussions on the Bridge PCA. Liberty will provide a status report to Staff on or before Friday, February 25, 2022 and continuing every three weeks during the pendency of this proceeding. In addition, the Joint Applicants will provide a copy of the Bridge PCA agreement to Staff once it has been prepared.

Witness: Drew Landoll

Witness: Stephan T. Haynes

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DATA REQUEST

KPSC 2_18 Refer to Liberty's response to Staff's First Request, Item 51, regarding transition services costs that are reimbursable to AEP.

a. Explain the basis of and provide support for the 0.35 multiplied by hours of service provided.
b. Explain why it is reasonable to include the adder on top of all employee related expenses.

RESPONSE

a. The 0.35 rate applied to the hours of service provided under the Transition Services Agreement (TSA) compensates the service provider for the human resources, information technology and real estate & workplace services costs (shared service costs) incurred in support of the employees providing service under the TSA. The basis for the 0.35 rate is an estimate of the level of shared service costs currently included in the billings for services provided to Kentucky Power and other AEP affiliates by employees of American Electric Power Service Corporation (AEPSC). The average shared services rate included on AEPSC billings from October 2020 through September 2021 was 45.58%.

b. It is reasonable to include the 0.35 rate on hours provided under the TSA because it approximates the rate billed to other AEP affiliates utilizing similar services from AEPSC employees and reimburses AEP for the full cost of providing service under the TSA.

Witness: Peter Eichler

Witness: Stephan T. Haynes

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DATA REQUEST

KPSC 2_19 Refer to Liberty's response to Staff's First Request, Item 61. Provide a more detailed explanation of how a 12kV system is less susceptible to environmental exposure than the 34.5 kV circuits on the distribution system and whether Liberty anticipates distribution system upgrades based upon that assessment.

RESPONSE

Because of the different electrical characteristics of 12 kV and 34.5 kV systems, loads on 34.5 kV sources can be served at greater distances from station sources while maintaining proper delivery voltage to the customers than on 12 kV systems. These longer 34.5 kV circuits, although more efficient, also expose greater lengths of circuit miles between stations and sectionalizing equipment to environmental risks. These risks include trees from outside the rights of way, vehicles, mud slides, animals, birds, debris blown into the lines, etc.

Providing additional distribution lines that are not radially fed will increase reliability. Adding additional 12kV under the 34.5kV circuits will provide the ability to sectionalize the system so fewer customers will be without power during an interruption on long radial feeds. The equipment and materials required to build out a 12kV underbuild system will provide access to cheaper and more readily available stock items to build out the initial infrastructure and repairs in times of emergency recovery. In general, the lower the voltage the lesser the cost of installation and cost of emergency recovery.

Witness: Brian K. West

Witness: Drew Landoll

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DATA REQUEST

KPSC 2_20 Refer to Kentucky Power's response to Staff's First Request, Item 62, which states that Kentucky Power's environmental liabilities will remain with Kentucky Power post-closing and will not be assumed or indemnified by AEP. Explain how Liberty will hedge against Kentucky Power's existing environmental liabilities.

RESPONSE

While it is not clear what is meant by Staff's request regarding how to "…hedge against Kentucky Power's existing environmental liabilities," Liberty plans to manage the risks associated with owning a fully integrated electric utility similar to its existing business practices executed at our other utilities. For example, at The Empire District Electric Company the company has not had a Notice of Violation from the Environmental Protection Agency nor any state regulator in relation to environmental compliance. Liberty is well versed at handling the risks associated with environmental compliance and will instill the same culture and methodology of compliance with Kentucky Power. Moreover, following the transaction's anticipated close, Liberty and Kentucky Power expect to maintain insurance for certain environmental liabilities for various sudden and accidental events that result in pollution events, subject to insurance policy terms and conditions.

Witness: Drew Landoll

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DATA REQUEST

KPSC 2_21 In Case No. 2020-00174, Kentucky Power stated that approximately 75 percent of its existing AMR meters were between 10 and 15 years old, and thus nearing the end of their 15-year useful life.[3] Explain how Liberty plans to address the age of and issues with Kentucky Power's current metering system.

RESPONSE

Liberty will take into consideration the comments provided by the Commission and other stakeholders in the context of Case No. 2020-00174 and will formulate its strategy in the coming months, on balance of this feedback and the information from the field. Meanwhile, Liberty understands that Kentucky Power continues monitoring the performance of the existing metering base, replacing the units that show signs of malfunction or failure reactively and performing all sample meter test requirements. Liberty is aware from its discussions with Kentucky Power that the current global supply chain disruptions may result in the lead time of approximately 12 months for AMI meters. Considering this timeline, together with that of a potential CPCN application for Liberty's suggested course of action, Liberty sees the determination of next steps among its distribution planning priorities post-close.

Witness: Drew Landoll

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[3] Case No. 2020-00174, *Electronic Application of Kentucky Power Company for (1) A General Adjustment of Its Rates for Electric Service; (2) Approval of Tariffs and Riders; (3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; (4) Approval of certificate of Public Convenience and Necessity; and (5) All Other Required Approvals and Relief* (Ky. PSC Jan. 13, 2021), final Order, at 68.

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DATA REQUEST

KPSC 2_22 Refer to Case No. 2020-00174, the Direct Testimony of Adrien M. McKenzie, CFA, Exhibit AMM-12. Provide an exhibit similar to this using the most recent debt, preferred stock, and common equity ratios, and the projections for each electric utility listed in Exhibit AMM-12.

RESPONSE

Please see the attachment JA_R_KPSC_2_22_Attachment.pdf.

Witness: Michael Mosindy

CAPITAL STRUCTURE
ELECTRIC GROUP

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		At Year-end 2020 (a)			Value Line Projected (b)		
Company		Debt	Preferred	Common Equity	Debt	Preferred	Common Equity
1	Alliant Energy	53.5%	1.6%	44.9%	55.0%	0.0%	45.0%
2	Ameren Corp.	55.0%	0.7%	44.3%	51.5%	0.5%	48.0%
3	American Elec Pwr	58.5%	0.0%	41.5%	57.0%	0.0%	43.0%
4	Avangrid, Inc.	40.8%	0.0%	59.2%	40.5%	0.0%	59.5%
5	Black Hills Corp.	57.9%	0.0%	42.1%	49.0%	0.0%	51.0%
6	CMS Energy Corp.	71.2%	0.2%	28.6%	64.5%	1.0%	34.5%
7	Consolidated Edison	52.0%	0.0%	48.0%	51.0%	0.0%	49.0%
8	Dominion Energy	56.5%	4.0%	39.5%	57.0%	2.0%	41.0%
9	DTE Energy Co.	60.5%	0.0%	39.5%	58.5%	0.0%	41.5%
10	Duke Energy Corp.	53.7%	1.9%	44.4%	55.0%	1.5%	43.5%
11	Entergy Corp.	65.5%	0.8%	33.7%	67.0%	1.0%	32.0%
12	Evergy Inc.	51.3%	0.0%	48.7%	54.0%	0.0%	46.0%
13	Eversource Energy	52.4%	0.5%	47.1%	57.0%	0.5%	42.5%
14	Exelon Corp.	52.1%	0.0%	47.9%	59.0%	0.0%	41.0%
15	Fortis Inc.	55.6%	3.9%	40.5%	53.5%	3.0%	43.5%
16	NextEra Energy, Inc.	53.5%	0.0%	46.5%	56.0%	0.0%	44.0%
17	OGE Energy Corp.	49.0%	0.0%	51.0%	47.0%	0.0%	53.0%
18	PPL Corp.	61.7%	0.0%	38.3%	59.5%	0.0%	40.5%
19	Pub Sv Enterprise Grp.	47.6%	0.0%	52.4%	52.0%	0.0%	48.0%
20	Sempra Energy	48.2%	7.0%	44.8%	49.5%	1.5%	49.0%
21	Southern Company	61.5%	0.4%	38.1%	63.0%	0.0%	37.0%
22	WEC Energy Group	52.8%	0.1%	47.1%	53.5%	0.0%	46.5%
23	Xcel Energy Inc.	57.4%	0.0%	42.6%	58.0%	0.0%	42.0%
	Average	**55.1%**	**0.9%**	**43.9%**	**55.1%**	**0.5%**	**44.4%**
	Average - Ex. High and Low	**55.1%**	**0.7%**	**43.9%**	**55.3%**	**0.4%**	**44.3%**

(a) 2020 historical figures sourced from Value Line Reports dated Feb. 11, 2022, Jan. 21, 2022, and Dec. 10, 2021.
(b) 2024-26 projected figures sourced from Value Line Reports dated Feb. 11, 2022, Jan. 21, 2022, and Dec. 10, 2021.

CAPITAL STRUCTURE
ELECTRIC GROUP

	At Q3-end 2021 (a)		
Operating Company	Debt	Preferred	Common Equity
Alliant Energy			
Interstate Power & Light	46.0%	2.7%	51.4%
Wisconsin Power & Light	47.2%	0.0%	52.8%
Ameren Corp.			
Ameren Illinois Co.	45.0%	0.5%	54.5%
Union Electric Co.	47.7%	0.7%	51.6%
American Elec Pwr			
AEP Texas, Inc.	58.3%	0.0%	41.7%
Appalachian Power Co	52.2%	0.0%	47.8%
Indiana Michigan Power Co	52.5%	0.0%	47.5%
Kentucky Power Co.	56.0%	0.0%	44.0%
Kingsport Power Co	46.3%	0.0%	53.7%
Ohio Power Co	55.3%	0.0%	44.7%
Public Service Co. of Oklahoma	45.7%	0.0%	54.3%
Southwestern Electric Pwr Co	49.4%	0.0%	50.6%
Wheeling Power Co	46.0%	0.0%	54.0%
Avangrid, Inc.			
Central Maine Pwr	31.9%	0.0%	68.0%
NY State E&G	50.8%	0.0%	49.2%
Rochester G&E	42.9%	0.0%	57.1%
United Illuminating	40.8%	0.0%	59.2%
Black Hills Corp.			
Black Hills Power	40.0%	0.0%	60.0%
Cheyenne Light Fuel & Power	43.8%	0.0%	56.2%
Black Hills/Colorado Electric Utility Co	25.7%	0.0%	74.3%
CMS Energy Corp.			
Consumers Energy Co	47.6%	0.2%	52.2%
Consolidated Edison			
Consolidated Edison of NY	52.3%	0.0%	47.7%
Orange & Rockland	51.0%	0.0%	49.0%
Rockland Electric	0.0%	0.0%	100.0%
Dominion Energy			
Virginia Electric & Power	46.8%	0.0%	53.2%
Dominion Energy South Carolina	43.2%	0.0%	56.8%
DTE Energy Co.			
DTE Electric Co.	50.8%	0.0%	49.2%
Duke Energy Corp.			
Duke Energy Carolinas	48.4%	0.0%	51.6%
Duke Energy Florida	44.3%	0.0%	55.7%
Duke Energy Indiana	44.9%	0.0%	55.1%
Duke Energy Ohio	36.5%	0.0%	63.5%
Duke Energy Progress	50.7%	0.0%	49.3%
Duke Energy Kentucky	47.4%	0.0%	52.6%
Entergy Corp.			
Entergy Akansas Inc.	52.0%	0.0%	48.0%
Entergy Louisiana LLC	55.0%	0.0%	45.0%
Entergy Mississippi	52.5%	0.0%	47.5%
Entergy New Orleans Inc.	50.1%	0.0%	49.9%
Entergy Texas Inc.	48.8%	0.7%	50.4%
Evergy Inc.			
Evergy Metro	48.8%	0.0%	51.2%
Evergy Kansas Central	32.8%	0.0%	67.2%

CAPITAL STRUCTURE
ELECTRIC GROUP

Through 2021 Q3
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	At Q3-end 2021 (a)		
Operating Company	**Debt**	**Preferred**	**Common Equity**
Eversource Energy			
Connecticut Light & Power	44.8%	1.2%	54.0%
NSTAR Electric Co.	45.9%	0.5%	53.6%
Public Service Co. of New Hampshire	51.1%	0.0%	48.9%
Exelon Corp.			
Delmarva Power and Light	49.6%	0.0%	50.4%
Baltimore Gas & Electric Co.	46.8%	0.0%	53.2%
Commonweath Edison Co.	45.3%	0.0%	54.7%
PECO Energy Co.	46.5%	0.0%	53.5%
Potomac Electric Power Co.	49.8%	0.0%	50.2%
Atlantic City Electric Co.	49.1%	0.0%	50.9%
Fortis Inc.			
Tucson Electric Power Co	45.9%	0.0%	54.1%
UNS Electric	45.6%	0.0%	54.4%
Central Hudson Gas & Electric	48.9%	0.0%	51.1%
International Transmission Co	38.5%	0.0%	61.5%
ITC Great Plains	38.5%	0.0%	61.5%
ITC Midwest	38.5%	0.0%	61.5%
Michigan Elec. Transmission Co.	38.5%	0.0%	61.5%
NextEra Energy, Inc.			
Florida Power & Light	36.7%	0.0%	63.3%
Gulf Power Co.	34.7%	0.0%	65.3%
OGE Energy Corp.			
Oklahoma G&E	46.8%	0.0%	53.2%
PPL Corp.			
Kentucky Utilities Co.	44.5%	0.0%	55.5%
Louisville Gas & Electric Co.	43.1%	0.0%	56.9%
PPL Electric Utilities Corp	43.8%	0.0%	56.2%
Pub Sv Enterprise Grp.			
Pub Service Electric & Gas Co.	45.3%	0.0%	54.7%
Sempra Energy			
San Diego Gas & Electric	43.4%	0.0%	56.6%
Oncor Electric Delivery	40.2%	0.0%	59.8%
Southern Company			
Alabama Power Co	44.9%	1.5%	53.7%
Georgia Power Co.	44.1%	0.0%	55.9%
Mississippi Power Co	45.9%	0.0%	54.1%
WEC Energy Group			
Wisconsin Electric Power Co	40.8%	0.4%	58.8%
Wisconsin Public Service Corp	41.5%	0.0%	58.5%
Xcel Energy Inc.			
Northern States Power Co. (MN)	47.4%	0.0%	52.6%
Northern States Power Co. (WI)	47.9%	0.0%	52.1%
Public Service Co. of Colorado	43.9%	0.0%	56.1%
Southwestern Public Service Co	45.8%	0.0%	54.2%

(b)	**Minimum**	**25.7%**	**0.0%**	**41.7%**
(b)	**Maximum**	**58.3%**	**2.7%**	**74.3%**
(b)	**Average**	**45.6%**	**0.1%**	**54.2%**

(a) Historical figures sourced from S&P Capital IQ Pro with Q3 2021 data.
(b) Excludes Consolidated Edison operating company Rockland Electric

DATA REQUEST

KPSC 2_23 Refer to Case No. 2017-00179,[4] Settlement Agreement, page 6, which states, "However, for 2023 only, the Rockport Fixed Cost Savings credit will be offset by the amount, if any, necessary for the Company to earn its Kentucky Commission-authorized return on equity (ROE) for 2023 ("Rockport Offset")." Explain whether Liberty will commit to excluding expenses that are regularly removed for ratemaking purposes in the calculation of Kentucky Power's earned return on equity for 2023. If so, provide the expenses which Liberty agrees to exclude. If not, explain why not.

RESPONSE

Having examined several of most recent Kentucky Power proceedings and having also consulted with AEP, Liberty was unable to develop a definitive list of expenses that are "regularly removed for ratemaking purposes" to calculate Kentucky Power's earned return on equity. This is because some of the items appear to have received different treatment across recent rate cases. As such, Liberty is not in a position to contemplate the commitments requested. Notwithstanding this position, Liberty would consider a specific list of potential exclusions should Staff wish to provide it.

Witness: Peter Eichler

[4] Case No. 2017-00179, *Electronic Application of Kentucky Power Company for (1) A General Adjustment of Its Rates for Electric Service; (2) An Order Approving Its 2017 Environmental Compliance Plan; (3) An Order Approving Its Tariffs and Riders; (4) An Order Approving Accounting Practices to Establish Regulatory Assets and Liabilities; and (5) An Order Granting All Other Required Approvals and Relief* (Ky. PSC Jan. 18, 2018).