

Kentucky Power Company  
KPSC Case No. 2022-00283  
Commission Staff's Third Set of Data Requests  
Dated November 7, 2022

**DATA REQUEST**

**KPSC 3\_1** Refer to the Application, BKW-Exhibit 4 and Case No. 2020-00174, the Commission's January 13, 2021 Order.

a. Provide an itemized estimate of expenses included in Kentucky Power's 2023 per books net income that were removed for ratemaking purposes in Case No. 2020-00174.

**RESPONSE**

Please see KPCO\_R\_KPSC\_3\_1\_Attachment1 for an itemized estimate of expenses projected to be included in Kentucky Power's 2023 per books net income for the expense categories that were removed for ratemaking purposes in Case No. 2020-00174.

Witness: Brian K. West

Kentucky Power Company  
KPSC Case No. 2022-00283  
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**DATA REQUEST**

- KPSC 3\_2** 2. Refer to the Application, BKW-Exhibit 4 and Case No. 2021-00481, the Commission's May 4, 2022 Order, page 9.
- a. Explain whether Kentucky Power's 2023 per books net income will include transition costs related to the transfer to Liberty Utility Co. If not, explain how the transition costs would be excluded.
  - b. Provide an itemized estimate of the transition costs related to the transfer.

**RESPONSE**

a.-b. Kentucky Power does not have the requested information. To comply with the Commission's November 7, 2022 Order in this proceeding, Kentucky Power requested Liberty Utilities Co. ("Liberty") to provide information responsive to this question. The attached affidavit of Tisha Sanderson, Vice President, Finance and Administration for Liberty, provides details regarding the planned treatment of transition costs by both Liberty and Kentucky Power. Liberty is available to meet with the parties to discuss any questions regarding the affidavit.

See KPCO\_R\_KPSC\_3\_2\_Attachment1 which provides an estimated itemization of transition costs related to the transfer.

Witness: Brian K. West

**AFFIDAVIT**

STATE OF KENTUCKY     )  
  )  
COUNTY OF BOYD        )

I, Tisha Sanderson, of lawful age, being duly sworn, deposes and states as follows:

1. My name is Tisha Sanderson. I am employed by Liberty Utilities Service Corp. as Vice President, Finance and Administration. Following closing of the acquisition of Kentucky Power Company by Liberty Utilities Co. (“Liberty”), I will serve as the Vice President, Finance and Administration, for Kentucky Power Company (“Kentucky Power”). I am familiar with the books and records of Liberty. The purpose of this Affidavit is to provide information to Kentucky Power that will respond to information requested by Commission Staff that relates to Liberty.

2. I am aware that on October 12, 2022, the Kentucky Public Service Commission (the “Commission”) Staff served a Second Set of Data Requests on Kentucky Power, and that Kentucky Power responded to the Second Set of Data Requests on October 20, 2023.

3. Data Request 2-1 asked whether Kentucky Power’s 2023 per books net income will include “Transaction Costs” related to the transfer to Liberty, and inquired as to how Transaction Costs would be excluded. Kentucky Power responded that “transaction costs will not be incurred by Kentucky Power and thus will not be within its 2023 per books net income.” By this affidavit, I am confirming that “Transaction Costs” will be carried on the books of Liberty, not Kentucky Power. As a result, those costs will not need to be excluded from Kentucky Power’s books.

4. In the Commission’s Order of November 7, 2022, Commission Staff’s Third Request for Information to Kentucky Power Company was attached. Request 3-2, asks whether Kentucky Power’s 2023 per books net income will include “Transition Costs” related to the transfer to Liberty, and inquired as to how those costs would be excluded. Request 3-2 (b) requests an itemized estimate of the of the “transition costs related to the transfer.”

5. In case No. 2021-00481, Liberty witness Peter Eichler responded to data request Attorney General 1-55 and stated that it considers “Transaction Costs” as internal and external costs of due diligence, legal and other professional support to evaluate and execute the transaction, and carry out the requisite regulatory approvals.

6. Liberty defines “Transition Costs” as the costs to enable the handover of operational control from the buyer to the seller. Liberty further separates Transition Costs into two categories: “One-Time Transition Costs” are the costs of staff required to work on the transitioning of the business from AEP to Liberty, IT support and external services between agreement to the sale and closing; “Long Lived Transition Costs” are defined as the capital investments to enable day-to-day operations continuity, particularly where sellers retain some or all of the pre-existing systems.

7. By this affidavit, I confirm that neither “Transaction Costs” nor “One-Time Transition Costs” will be carried on the books of Kentucky Power. These costs are coded and captured in specific work orders, and carried on the books of Liberty. Further, these costs will not be allocated to Kentucky Power, and therefore will not have an impact on Kentucky Power’s customers. Following closing of the acquisition of Kentucky Power by Liberty, the Company will regularly conduct reviews of costs to ensure that Transition Costs are captured in the appropriate work order. “Long Lived Transition Costs” will replace similar costs that may be currently in Kentucky power’s rates.

8. To assist the Commission in Case No. 2022-00283, Liberty has prepared an itemized estimate of the “Transition Costs” related to the transfer, as requested in Data Request 3-2. The estimate has been provided to Kentucky Power. I, and Liberty, are available to the Commission to provide any further information the Commission may find useful.

Further, affiant sayeth not.

*Tisha Sanderson*

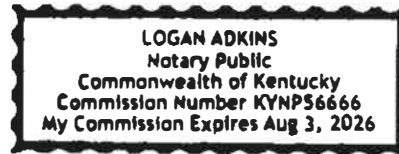
Tisha Sanderson

Vice President, Finance and Administration

SUBSCRIBED AND SWORN TO BEFORE ME, on the 17 day of November, 2022, to certify which witness my hand and official seal.

*Logan Adkins*

Notary Public in and for  
The State of Kentucky



**VERIFICATION**

The undersigned, Brian K. West, being duly sworn, deposes and says he is the Vice President, Regulatory & Finance for Kentucky Power Company, that he has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of his information, knowledge, and belief.

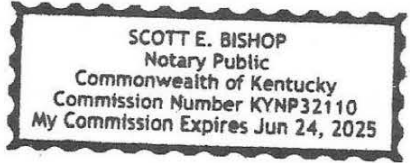


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Brian K. West

Commonwealth of Kentucky )  
  )       Case No. 2022-00283  
County of Boyd                    )

Subscribed and sworn before me, a Notary Public, by Brian K. West this 11<sup>th</sup> day of November, 2022.

*Scott E. Bishop*  
\_\_\_\_\_  
Notary Public



My Commission Expires June 24, 2025

Notary ID Number: KYNP 32110