

Kentucky Power Company  
KPSC Case No. 2022-00283  
Commission Staff's Post Hearing Data Requests  
Dated November 29, 2022

**DATA REQUEST**

**KPSC PHDR\_1** Refer to Kentucky Power's response to Commission Staff's Third Request for Information (Staff's Third Request), Item 1, Attachment 1 and the Rebuttal Testimony of Brian K. West, page R6, Table 1.

a. For the 12 months ending June 2022 and September 2022, provide the amount of expenses included in net income for which the same categories were removed for ratemaking purposes in Case No. 2020-001742 and those expenses which utilities, including Kentucky Power, routinely remove for ratemaking purposes.

b. For the 12 months ending June 2022 and September 2022, provide the amount of storm restoration expenses included in net income, which were subsequently deferred.

**RESPONSE**

a.-b. Please see KPCO\_R\_KPSC\_PHDR\_1\_Attachment1 for the requested information.

Witness: Heather M. Whitney

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**DATA REQUEST**

**KPSC PHDR\_2** Refer to Kentucky Power’s response to Staff’s Third Request, Item 2, Attachment 2, Tab “Long Lived.” Provide an estimate of the expenses for the projects to begin in 2023 that will be on Kentucky Power’s net income in 2023.

**RESPONSE**

The company will incur depreciation expense in 2023 for the projects described in Kentucky Power’s response to KPSC DR 3\_2. Depreciation will commence upon the Long Lived assets being placed in service. The estimated in-service dates and the estimated 2023 depreciation expenses are provided below. Please note that the some of the Long Lived Transition Costs shown below will replace existing systems and thus provide an offset to the current level of depreciation expense.

Long Lived Transition Costs	Estimated Range (\$M)		Depreciation Rate	Estimated In-Service Date	Annualized Depreciation Expense (\$M)	2023 Depreciation Estimate (\$M)
	Low	High				
Payroll system modification for KY	\$ 0.50	\$ 0.50	10%	Q1 2023	\$ 0.05	\$ 0.05
IT Infrastructure (endpoints, networks, security)	\$ 9.60	\$ 12.50	20%	Q1 2023 - Q4 2023	\$ 2.21	\$ 1.11
Telecom separation (radio, microwave, fiber, and other technologies)	\$ 10.00	\$ 12.00	6%	Q4 2023	\$ 0.62	\$ 0.16
Local KY Call Center	\$ 1.00	\$ 2.00	4%	Q4 2023	\$ 0.06	\$ 0.01
Customer First SAP based customer, financial, supply chain, and asset management system)	\$ 77.00	\$ 77.00	10%	Q1 2024	\$ 7.70	\$ -
Other operations technology (analysis tools, meter data, data repositories)	\$ 9.70	\$ 15.50	10%	Q1 2023 - Q4 2023	\$ 1.26	\$ 0.63
	<b>\$ 107.80</b>	<b>\$ 119.50</b>				<b>\$ 1.96</b>

Witness: Tisha Sanderson, Vice President, Finance and Administration,  
 on behalf of Liberty Utilities Co.

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**DATA REQUEST**

**KPSC PHDR\_3** Refer to Kentucky Power's response to Staff's Third Request, Item 2, the affidavit of Tisha Sanderson and Kentucky Power's response to Commission Staff's Second Request for Information, Item 1(a).

a. Provide a detailed explanation all activities included in transaction costs. For each item, identify the entity that will record any expenses related to these items.

b. Provide a detailed explanation all activities included in transaction costs, including a breakdown of one-time and long-lived costs. For each item, identify the entity that will record any expenses related to these items.

c. Confirm that Kentucky Power will not be allocated any transition or transaction costs that are not originally recorded on its books. If this cannot be confirmed, explain.

**RESPONSE**

a. Transaction Costs include 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. Liberty Utilities Co. ("Liberty") can confirm that no Transaction Costs will be included on the books of Kentucky Power. It is anticipated that Transaction Costs will be included on the books of Liberty and certain costs may be included on the books of Liberty's parent company.

b. In addition to the transaction costs which were discussed in subpart (a), the Company is also providing a detailed explanation of transition costs. Transition Costs include 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. In addition, One-Time Transition Costs include expenses of rebranding and customer communications to enable the handover of operational control from the buyer to seller. "Long Lived Transition Costs" are defined as the capital investments which enable day-to-day operations and provide on-going benefits to customers. These costs likely would have been incurred in the absence of the Transaction (for example, see Liberty's Response to AG 2-12 in Case No. 2021-00481). These may include IT infrastructure and

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similar investments. One-Time Transition Costs will be recorded on the books of Liberty. The depreciation expense associated with Long Lived Transition Costs will be recorded on the books of Kentucky Power Company or AEP Kentucky Transmission Company, Inc. (which will be renamed "Kentucky Transmission Company, Inc. post-closing).

c. Kentucky Power will not be allocated any One-Time Transition Costs or Transaction Costs that are not originally recorded on its books. Kentucky Power may be allocated Long Lived Transition Costs, some of which are capital works in progress and will be subsequently recorded on Kentucky Power's books when placed in service.

Witness: Tisha Sanderson, Vice President, Finance and Administration,  
on behalf of Liberty Utilities Co.

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**DATA REQUEST**

**KPSC PHDR\_4** Provide Kentucky Power's retail energy costs, gross and net of sales, for 2021 and 2022 and the estimated costs for 2023.

**RESPONSE**

Please see KPCO\_R\_KPSC\_PHDR\_4\_PublicAttachment1 for the requested information.

Witness: Brian K. West





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#### E-Signature Summary

**E-Signature 1: Heather M. Whitney (HMW)**

December 01, 2022 09:05:12 -8:00 [869E936CC0C5] [167.239.221.103]  
hmwhitney@aep.com (Principal) (Personally Known)

**E-Signature Notary: Jennifer Young (JAY)**

December 01, 2022 09:05:12 -8:00 [AF87E72DD686] [167.239.221.106]  
jayoung1@aep.com  
I, Jennifer Young, did witness the participants named above electronically sign this document.







