

**DATA REQUEST**

**SWVA 2\_1** Refer to the Company’s response to QUESTION SWVA-1-1, please provide the per unit credit (for example, in \$/kW or \$/kWh), that a customer participating directly in PJM’s demand response programs as a capacity resource would receive for interruptibility/interruptions (i.e., in comparison to firm service) in 2012-2025. Provide all supporting documentation.

**RESPONSE**

Compensation for PJM DR Participants in the capacity market is based on a combination of PJM’s Base Residual Auction and the three Incremental Auctions as well as the participant’s PJM region. The basic calculation for revenue is:

Total Nominated MW x Market Clearing Price(\$/MW-day) x 365

Please refer to the table below for BRA market prices. Compensation for interruptions or reducing load is equal to the measured reduction adjusted for losses multiplied by the time appropriate Location Marginal Price (LMP). Again, the resource’s location and choice of CSP will greatly factor into their compensation.

Delivery Year	Clearing Price
2012/2013	\$16.46
2013/2014	\$27.73
2014/2015	\$125.99
2015/2016	\$136.00
2016/2017	\$59.37
2017/2018	\$120.00
2018/2019	\$164.77
2019/2020	\$100.00
2020/2021	\$76.53
2021/2022	\$140.00
2022/2023	\$50.00
2023/2024	\$34.13
2024/2025	\$28.92

Compensation for interruptions or reducing load is equal to the measured energy reduction in kWh adjusted for losses multiplied by the time appropriate Location

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Marginal Price (LMP). Again, the resource's location and PJM's auction prices will greatly factor into the compensation received.

Table Source: PJM Markets & Operations

Witness: Michael M. Spaeth

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**DATA REQUEST**

**SWVA 2\_2** Please explain how the Company accounts for interruptible retail load in its cost of service study.

**RESPONSE**

The demand allocator utilized in the jurisdictional cost of service study reflects the coincident demand of the Company's retail customers at the time of Kentucky Power's monthly peak, averaged over the test year (12 months-ended March 2023). The demand allocator relies on the actual demand imposed by all customers at the time of Kentucky Power's monthly peak. The actual monthly peak demand may or may not be impacted by interruptions called during the test year.

Witness: Katharine I. Walsh

Witness: Jaclyn N. Cost

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**DATA REQUEST**

**SWVA 2\_3** Please explain whether and how the Company accounts for a class' interruptible load when allocating fixed costs in its cost of service study.

**RESPONSE**

Consistent with the jurisdictional cost of service study (JCOS) demand allocation, the class cost of service study (CCOS) reflects the coincident demand of the Company's retail customers at the time of Kentucky Power's monthly peak, averaged over the test year (12 months-ended March 2023). The demand allocators rely on the actual demand imposed by all customers at the time of Kentucky Power's monthly peak. The actual monthly peak demand may or may not be impacted by interruptions called during the test year.

Witness: Katharine I. Walsh

Witness: Jaclyn N. Cost

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**DATA REQUEST**

**SWVA 2\_4** Regarding the class relative RORs reflected in Figure JNC-2, please provide the relative RORs that result from the Company's proposed revenue allocation/rate design. Provide all supporting documentation.

**RESPONSE**

Please see attachment KPCO\_R\_SWVA\_2\_4\_Attachment1.

Witness: Jaclyn N. Cost

Witness: Michael M. Spaeth

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**DATA REQUEST**

**SWVA 2\_5** Please provide the class relative RORs by subclass (i.e., primary, subtransmission, etc.) under present and proposed rates. Provide all supporting documentation.

**RESPONSE**

Please see attachment KPCO\_R\_SWVA\_2\_4\_Attachment1.

Witness: Jaclyn N. Cost

Witness: Michael M. Spaeth

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**DATA REQUEST**

**SWVA 2\_6** Please explain how customers, and customer classes, would receive and/or experience the benefit(s) of the approximately \$74 million in net present value (“NPV”) allegedly associated with securitization.

**RESPONSE**

As stated in the Direct Testimony of Company Witness Niehaus, with the appropriate statutory framework and a carefully crafted financing order, securitizations benefit from a significantly lower cost of capital compared to traditional investor-owned utility rate mechanisms. Typically, traditional rate mechanisms set customer rates based upon a utility’s weighted cost of capital, which includes an average corporate debt cost along with a generally higher allowed return on 50 percent or more equity capital in the calculation. Utility securitization customer charges are based upon a capital cost comprised of 99.5 percent AAA-rated debt and 0.5 percent equity. By significantly increasing the percentage of debt and virtually eliminating the equity return component of these transactions, utility ratepayers can save millions of dollars in carrying costs associated with the recovery of these legitimate utility expenses.

Witness: Katrina Niehaus



### Cost Verification Form.doc

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 Created: September 25, 2023 06:33:53 -8:00  
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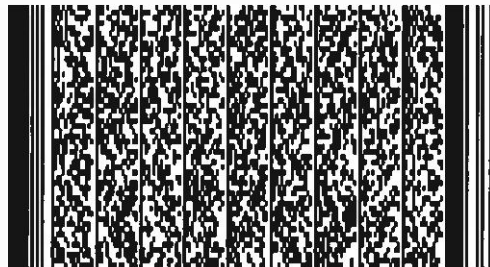
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#### E-Signature Summary

**E-Signature 1: Jaclyn N Cost (JC)**  
 September 25, 2023 07:14:12 -8:00 [9FE452BA3507][167.239.221.105]  
 jncost1@aep.com (Principal) (Personally Known)

**E-Signature Notary: Marilyn Michelle Caldwell (MMC)**  
 September 25, 2023 07:14:12 -8:00 [398345747827] [167.239.221.107]  
 mmcaldwell@aep.com  
 I, Marilyn Michelle Caldwell, did witness the participants named above electronically sign this document.





VERIFICATION

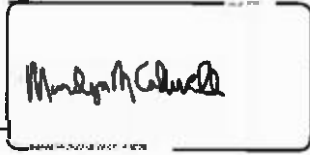
The undersigned, Jaclyn N. Cost, being duly sworn, deposes and says she is a Regulatory Consultant Principal for American Electric Power Service Corporation, that she has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of her information, knowledge, and belief.

Jaclyn N Cost  
Signed on 2023 09/25 07:14:12 0:00  
Jaclyn N. Cost

Commonwealth of Kentucky )  
 )  
County of Boyd )

Case No. 2023-00159

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Jaclyn N. Cost, on September 25, 2023

Notary Public 

MARILYN MICHELLE CALDWELL  
ONLINE NOTARY PUBLIC  
STATE AT LARGE KENTUCKY  
Commission # KYNP71841  
My Commission Expires May 05, 2027  
Notary Stamp 2023/09/25 07:14:12 PST

Notarial act performed by audio-visual communication

My Commission Expires May 5, 2027

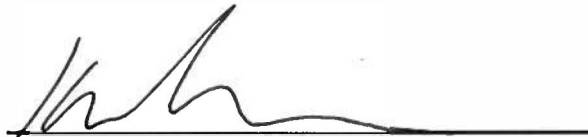
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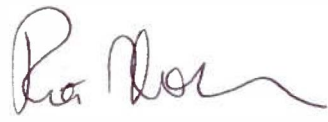
VERIFICATION

The undersigned, Katrina T. Niehaus, being duly sworn, deposes and says she is the Managing Director, Head of Corporate Asset Backed Securities Finance Group, for Goldman, Sachs and Company, that she 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 her information, knowledge, and belief.

  
Katrina T. Niehaus

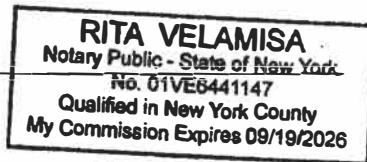
State of New York )  
County of New York ) Case No. 2023-00159

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Katrina T. Niehaus, on 9-19-2023.

  
Notary Public

My Commission Expires 9-19-2026

Notary ID Number \_\_\_\_\_



**VERIFICATION**

The undersigned, Michael M. Spaeth, being duly sworn, deposes and says he is the Regulatory Pricing and Analysis Manager for American Electric Power Service Corporation, 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.

  
\_\_\_\_\_  
Michael M. Spaeth

Franklin County )  
Ohio )

Case No. 2023-00159

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Michael M. Spaeth, on 9/20/23.

  
\_\_\_\_\_  
Notary Public

My Commission Expires Never

Notary ID Number No ID



**Paul D. Flory**  
Attorney At Law  
Notary Public, State of Ohio  
My commission has no expiration date  
Sec. 147.03 R.C.

**VERIFICATION**

The undersigned, Katharine I. Walsh, being duly sworn, deposes and says she is a Director of Regulatory Pricing and Analysis for American Electric Power Service Corporation, that she 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 her information, knowledge, and belief.

*Katharine I. Walsh*

Katharine I. Walsh

Franklin County )  
Ohio )

Case No. 2023-00159

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Katharine I. Walsh, on 9/20/23.

*Paul D. Flory*

Notary Public

My Commission Expires

Never

Notary ID Number

NOTD



**Paul D. Flory**  
Attorney At Law  
Notary Public, State of Ohio  
My commission has no expiration date  
Sec. 147.03 R.C.