

Kentucky Power Company
KPSC Case No. 2023-00159
AG-KIUC's Second Set of Data Requests
Dated September 11, 2023
Page 1 of 3

DATA REQUEST

AG-KIUC 2-28 Refer to the Direct Testimony of Linda Schlessman at 1 wherein she describes her employment position with AEPSC.

- a. Confirm that AEPSC provides all federal income tax services to the Company. If this is not correct, then identify and described each federal income tax service that is performed directly by the Company and identify the person, position, and describe the role that each employee of the Company performs with respect to federal income tax strategy, analyses, filings, and requests for private letter rulings, among others.
- b. Identify each employee of the Company who performed research, analyses, calculations, and/or drafted requests for private letter rulings for the Company and/or AEP affiliates regarding the two NOL ADIT issues in this proceeding.
- c. Confirm that all requests for private letter ruling on the two NOL ADIT issues in this proceeding were drafted exclusively and are managed by or under the direction of employees of AEPSC, including the retention of tax counsel and/or other tax experts. If this is not correct, then identify each employee of the Company and/or other AEP affiliates who have performed these roles and describe the role that each such employee performed.
- d. Confirm that the AEP strategy regarding the two NOL ADIT issues in this proceeding was developed and coordinated by AEPSC and not by the AEP regulated utilities. If this is not correct, then describe the relative roles of AEPSC and each of the AEP regulated utilities, including the Company, in developing AEP's strategy regarding the two NO ADIT issues in this proceeding.

RESPONSE

a. Confirmed.

b. The Company objects to this request because it seeks information that is not relevant to this proceeding, it is not reasonably calculated to lead to the discovery of admissible evidence, is overly broad, and is unduly burdensome. The Company further objects to the extent the request

Kentucky Power Company
Kpsc Case No. 2023-00159
AG-KIUC's Second Set of Data Requests
Dated September 11, 2023
Page 2 of 3

seeks communications, documents, and information protected by the attorney-client privilege or the attorney work product doctrine.

c.-d. AEPSC provides tax services to Kentucky Power and other AEP subsidiaries pursuant to a Service Agreement. These services are provided to AEP subsidiaries for the subsidiaries' benefit. As AG-KIUC Witness Kollen testified in Case No. 2021-00481, concerning the value of the AEPSC shared services model and AEP Service Agreement, "The AEP model uses AEPSC to provide centralized services in a cost effective manner at a lower cost than if the AEP utilities acquired or provided the services themselves locally and on a standalone basis." Case No. 2021-00481, Kollen Direct Testimony at 22.

September 27, 2023 Supplemental Response

b. The Company objects to this request because it seeks information that is not relevant to this proceeding, it is not reasonably calculated to lead to the discovery of admissible evidence, is overly broad, and is unduly burdensome. The Company further objects to the extent the request seeks communications, documents, and information protected by the attorney-client privilege or the attorney work product doctrine. Subject to and without waiving these objections, the Company states as follows:

The Company has not requested a private letter ruling. Therefore, there are no Company employees to identify in response to the question. Moreover, no Company employees performed research, analyses, calculations, or drafted requests for private letter rulings for the Company's affiliates, which are separate legal entities and different tax payers than the Company. The Company further notes that there are no private letter rulings requested concerning NOLC issues in this proceeding, which only concerns Kentucky Power's NOLC.

Ms. Schlessman's testimony is the main source for evidence regarding tax matters in this proceeding. Kentucky Power's NOLC issues are also relevant to other aspects of the case and subject matter addressed by other witnesses, but the tax aspects relevant to these issues are addressed in Ms. Schlessman's testimony and evidence. In addition to Ms. Schlessman Direct Testimony provided in this proceeding, James Llande (SVP-Tax), Jessica M. Criss (Tax Accounting & Regulatory Support Manager), and David Hodgson (Director of Tax Accounting & Regulatory) were the other AEPSC employees involved with the research, analyses, and calculations regarding the Company's PLR requests.

c. and d. To the extent the request seeks information in addition to what the Company provided in its initial response, the Company objects to this request because it seeks information that is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence. The Company further objects on the basis that the data request seeks information that is outside of

Kentucky Power Company
KPSC Case No. 2023-00159
AG-KIUC's Second Set of Data Requests
Dated September 11, 2023
Page 3 of 3

Kentucky Power's possession, custody, or control. Subject to and without waiving the foregoing objections, the Company states as follows: AEPSC provides tax services to Kentucky Power and other AEP subsidiaries pursuant to a Service Agreement. These services are provided to AEP subsidiaries for the subsidiaries' benefit. As AG-KIUC Witness Kollen testified in Case No. 2021-00481, concerning the value of the AEPSC shared services model and AEP Service Agreement, "The AEP model uses AEPSC to provide centralized services in a cost effective manner at a lower cost than if the AEP utilities acquired or provided the services themselves locally and on a standalone basis." Case No. 2021-00481, Kollen Direct Testimony at 22.

As such, it is confirmed that AEPSC personnel was primarily responsible for drafting and filing the PLRs for the applicable operating companies. However, given that the PLR requests were specific to affiliate operating companies, the Company is unable to speak on the level of input affiliate operating company personnel had throughout the process.

It also is confirmed that AEPSC personnel was primarily responsible for developing AEP's strategy to address the identified normalization violation regarding NOL for the reasons identified in the Company's initial response.

Witness: Linda M. Schlessman

Kentucky Power Company
KPSC Case No. 2023-00159
AG-KIUC's Second Set of Data Requests
Dated September 11, 2023
Page 1 of 2

DATA REQUEST

AG-KIUC 2-29 Refer to the response to AG-KIUC 1-26(a) wherein the Company was requested to provide a copy of each request for PLR filed by AEP on behalf of its regulated utilities/jurisdictions related to the two NOL ADIT issues in this proceeding, but failed to do so.

a. Confirm that the decision to object and not provide a copy of each such request for PLR is AEPSC's decision, and is not due to any prohibition or limitation imposed by the IRS and/or Treasury. If this is not correct, then cite and provide a copy of each such prohibition or limitation and describe how each such prohibition or limitation prevents AEPSC and/or the Company from providing a copy of each such request under confidential seal in this proceeding.

b. Identify AEPSC's tax counsel and tax accountants retained to advise AEPSC and to assist in the requests for PLR. Provide a copy of each engagement letter, proposal, and purchase order for such services.

c. Provide a copy of all communications to the AEP Board of Directors and/or the Audit Committee from the AEP outside auditor and/or AEP's internal audit organization that address the two NOL ADIT issues in this proceeding and the failure of AEP and its regulated utility affiliates to record these NOL ADIT amounts on their accounting books and/or to recover the alleged costs through the ratemaking process.

RESPONSE

a. See the Company's September 19, 2023 Supplemental Response to AG-KIUC 1_26.

b. - c. The Company objects to this request to the extent it is not reasonably calculated to lead to the discovery of admissible evidence, is overly broad and it seeks to impose an obligation that is unduly burdensome. The Company further objects to the extent the request seeks communications, documents, and information protected by the attorney-client privilege or the attorney work product doctrine.

Kentucky Power Company
KPSC Case No. 2023-00159
AG-KIUC's Second Set of Data Requests
Dated September 11, 2023
Page 2 of 2

September 27, 2023 Supplemental Response

a. In its initial response to AG-KIUC 1-26(a), the Company objected on multiple grounds to providing copies of the private letter rulings (“PLRs”) initially requested by AG-KIUC in that request (see the Company’s response to AG-KIUC 1-26). Counsel for the Company made the decision to object. The Company stands on those objections. Nonetheless, after conferring with counsel for AG-KIUC in good faith, and in the interest of cooperation with AG-KIUC, the Company agreed to make available copies of the requested PLRs confidentially, subject to and without waiving the Company’s objections (see the Company’s September 19, 2023 supplemental response to AG-KIUC 1-26). Thus, as is apparent from the Company’s initial response to AG-KIUC 2-29(a), AG-KIUC’s request for the PLRs was moot because they were made available on a confidential basis to AG-KIUC.

b. The Company reiterates its objections from its initial response; particularly, that the requested information is not relevant and, as such, not reasonably calculated to lead to the discovery of admissible evidence. Additionally, with respect to portion of the request seeking “a copy of each engagement letter, proposal, and purchase order for such services,” the Company objects on the basis that the request seeks communications, documents, and information protected by the attorney-client privilege or the attorney work product doctrine. Subject to and without waiving these objections, the Company states that AEPSC retained Bradley Seltzer with Eversheds Sutherland LLP to advice on the PLR matters. The Company has no non-privileged engagement letter(s), proposal(s), and purchase order(s) related to this engagement.

c. The Company reiterates its objections from its initial response. The Company further states that it has not identified responsive documents after a good faith search.

Preparer: Counsel

Witness: Linda M. Schlessman



Schlessman Verification Form.doc

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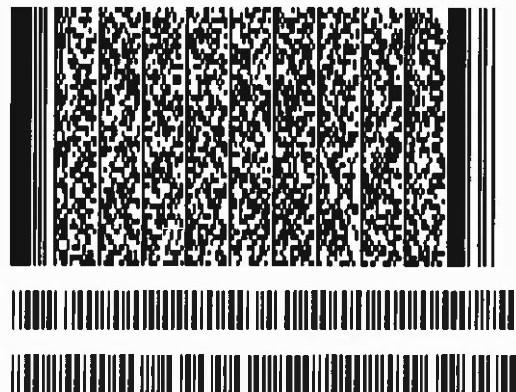
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E-Signature Summary

E-Signature 1: Linda Schlessman (LS)
September 27, 2023 08:46:27 -8:00 [1AD9EC5F5923] [12.111.104.2]
lmschlessman@aep.com (Principal) (Personally Known)

E-Signature Notary: Marilyn Michelle Caldwell (MMC)
September 27, 2023 08:46:27 -8:00 [7F3D9971F4AA] [167.239.221.107]
mmcaldwell@aep.com
I, Marilyn Michelle Caldwell, did witness the participants named above electronically sign this document.



VERIFICATION

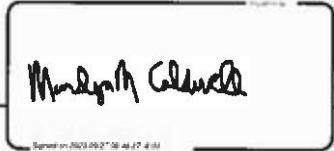
The undersigned, Linda M. Schlessman, being duly sworn, deposes and says she is the Tax Accounting and Regulatory Support Manager for American Electric Power Service Corporation, that she has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of her information, knowledge, and belief.

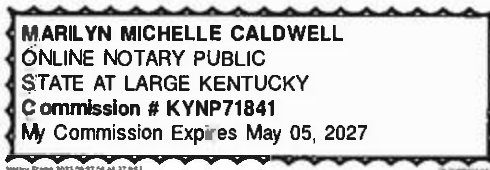
Linda Schlessman
 Linda M. Schlessman

Commonwealth of Kentucky)
)
County of Boyd)

Case No. 2023-00159 LS

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Linda M. Schlessman, on September 27, 2023.

 Notary Public 



Notarial act performed by audio-visual communication

My Commission Expires May 5, 2027

Notary ID Number KYNP71841

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