COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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) A Securitization Financing Order; And (5) All Other Required Approvals And Relief	)))))))	Case No. 2023-00159

REBUTTAL TESTIMONY OF

HEATHER M. WHITNEY

ON BEHALF OF KENTUCKY POWER COMPANY

REBUTTAL TESTIMONY OF
HEATHER M. WHITNEY ON BEHALF OF
KENTUCKY POWER COMPANY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

CASE NO. 2023-00159

TABLE OF CONTENTS

EXHIBITS

EXHIBIT	DESCRIPTION
EXHIBIT HMW-R1	Rollforward of Prepaid Pension and OPEB Asset Balances and Computation of Related Annual Benefit
EXHIBIT HMW-R2	KPCO_R_AG_KIUC_1_28
EXHIBIT HMW-R3	June 2017 Pension Plan Cash Contribution
EXHIBIT HMW-R4	September 2020 Pension Plan Cash Contribution
EXHIBIT HMW-R5	KPCO_R_KPSC_1_48
EXHIBIT HMW-R6	AEPSC Incentive Compensation Expense Billed to Wheeling Power Company ("Wheeling Power") During Test Year

REBUTTAL TESTIMONY OF
HEATHER M. WHITNEY ON BEHALF OF
KENTUCKY POWER COMPANY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND PRESENT POSITION.

A. My name is Heather M. Whitney. My business address is 1 Riverside Plaza, Columbus, Ohio 43215. I am employed by the American Electric Power Service Corporation ("AEPSC") as a Director in Regulatory Accounting Services. AEPSC is a wholly-owned subsidiary of American Electric Power Company, Inc. ("AEP"). AEP is the parent company of Kentucky Power Company ("Kentucky Power" or the "Company").

Q. ARE YOU THE SAME HEATHER M. WHITNEY WHO OFFERED DIRECT TESTIMONY IN THIS PROCEEDING?

A. Yes.

II. PURPOSE OF REBUTTAL TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of my testimony is to respond to the following proposed adjustments presented in the Direct Testimony of Attorney General of the Commonwealth of Kentucky and Kentucky Industrial Utility Customers, Inc. ("AG-KIUC") Witness Lane Kollen:

1. Adjustment to remove prepaid pension and prepaid other postretirement employee benefit ("OPEB") assets from rate base;

2. Adjustments to reflect Kentucky Power's restarting of the sale of receivables to AEP Credit, Inc. ("AEP Credit") on September 7, 2023;
3. Adjustments to subtract accounts payable in construction work in process ("CWIP") and prepayments from rate base;
4. Adjustment to reallocate the Mitchell Plant coal stock adjustment proportionately across the capital structure; and,
5. Adjustment to exclude incentive compensation expense tied to financial performance.

Q. PLEASE SUMMARIZE YOUR REBUTTAL TESTIMONY.

A. I support the inclusion of the prepaid pension and prepaid OPEB assets in rate base. These are cash prepaid assets financed by the Company that benefit customers through substantially reduced costs. The Company's accounting is in conformity with generally accepted accounting principles ("GAAP"), which is supported by unqualified opinions on the Company's annual financial statements from two separate external auditors. Moreover, if the Commission removes the pension and OPEB prepaid assets from rate base, then, consistent with the Commission's order in Case No. 2020-00174, related accumulated deferred income taxes ("ADIT") must be removed from rate base and test year cost of service expense must be increased to remove the benefit (lower expense) resulting from these additional contributions, resulting in a $0.7 million increase to the requested revenue requirement. Mr. Kollen's recommendation does not result in appropriate matching for ratemaking purposes, and as a result, should not be adopted.

I support mathematical corrections to Mr. Kollen's proposed adjustments to reflect Kentucky Power's restarting of the sale of receivables to AEP Credit on September 7, 2023. Mr. Kollen's incomplete set of two adjustments erroneously indicate this change will result in a $5.1 million annual revenue requirement reduction going forward for Kentucky Power. The Company's comprehensive analysis provided in its September 28, 2023 supplemental response to KPSC 1-48 supports a going-forward revenue requirement reduction of $0.9 million. The main drivers of the $4.2 million difference in positions are: (1) Mr. Kollen failed to appropriately calculate an annual level of factoring expense consistent with Kentucky Power's agreement with AEP Credit, including use of an appropriate going-forward carrying cost rate based on the actual rates charged to Kentucky Power by AEP Credit upon resuming the sale of receivables on September 7, 2023, and (2) Mr. Kollen failed to reduce the level of short-term debt in the Company's capital structure to reflect the sale of receivables going forward. The remaining difference in positions is primarily due to Mr. Kollen's failure to synchronize the impact of changes in cash working capital ("CWC"), factoring expense, income tax expense, and the weighted average cost of capital within the revenue requirement calculation. If the Commission determines an adjustment should be made to incorporate the customer benefit associated with resuming the sale of receivables, which occurred over five months after the conclusion of the historical test year in this case, the adjustment should be comprehensive in nature and based on going forward assumptions, as provided by the Company in KPSC 1-48. Mr. Kollen's recommended adjustments are incomplete and based on misinformed or stale assumptions, which understate the Company's going-forward costs and would immediately erode the Company's opportunity to earn its allowed rate of return.

The Company disagrees with Mr. Kollen's recommendations to subtract accounts payable in CWIP and prepayments from rate base. Due to the short-term nature of accounts payable financing, it is reasonable to expect that accounts payable balances as of the historical test year end will be paid, and therefore wholly financed, by the Company by the time rates resulting from this case are implemented.

The Company disagrees with Mr. Kollen's view regarding the reasonableness of its proposed treatment of the Mitchell Plant coal stock adjustment in the capital structure. It is reasonable to assume variation of the Company's actual coal inventory balance from its target coal inventory balance is short-term in nature, given the Company manages its coal inventory to target levels over the long-term.

The Company disagrees with Mr. Kollen's proposed incentive compensation adjustments. Company Witness Carlin addresses the merits of the Company's recommendation, while I support certain mathematical corrections to Mr. Kollen's proposed adjustment.

Q. ARE YOU SPONSORING ANY REBUTTAL EXHIBITS OR SCHEDULES?

A. Yes, I am sponsoring the following exhibits:

- Exhibit HMW-R1 – Rollforward of Prepaid Pension and OPEB Asset Balances and Computation of Related Annual Benefit
- Exhibit HMW-R2 – KPCO_R_AG_KIUC_1_28
- Exhibit HMW-R3 – June 2017 Pension Plan Cash Contribution
- Exhibit HMW-R4 – September 2020 Pension Plan Cash Contribution

- Exhibit HMW-R5 – KPCO_R_KPSC_1_48
- Exhibit HMW-R6 – AEPSC Incentive Compensation Expense Billed to Wheeling Power Company ("Wheeling Power") During Test Year

III. PREPAID PENSION AND OPEB ASSETS IN RATE BASE

Q. PLEASE SUMMARIZE AND COMPARE PENSION AND OPEB REVENUE REQUIREMENT POSITIONS IN THIS CASE.

A. The table below summarizes and supports the Company's as-filed request and compares it to the Company's alternative, should the Commission not allow the prepaid pension and OPEB assets to be included in rate base, as well as AG-KIUC Witness Kollen's recommendation which does not result in appropriate matching for ratemaking purposes, and as a result, should not be adopted.

		Table HMW-R1 Comparison of Recommendations: Pension & OPEB Revenue Requirement (in millions)					
		(1) Company As-Filed		(2) Company Alternative		(3) AG-KIUC Recommendation	
Line No.	**Description**	**KY Jurisdiction**		**KY Jurisdiction**		**KY Jurisdiction**	
1	Prepaid Pension & OPEB Assets	$ 41.081	a	$ -		$ -	
2	ADIT - Prepaid Pension & OPEB Assets	$ (8.627)	b	$ -		$ (8.627)	
3	ADIT - Contra Prepaid Pension & OPEB Assets	$ -	c	$ -		$ -	
4	Rate Base (Ln 1 + Ln 2 + Ln 3)	$ 32.454		$ -		$ (8.627)	
5							
6	Pre-Tax Rate of Return, As Requested	8.35%	d	8.35%		8.35%	
7							
8	Return on Rate Base (Ln 4 x Ln 6)	$ 2.709		$ -		$ (0.720)	
9							
10	Service Cost - Expense/(Benefit)	$ 1.175	e	$ 1.175		$ 1.175	
11	Non-Service Cost - Expense/(Benefit)	$ (7.508)	f	$ (7.508)		$ (7.508)	
12	Adjustment if Prepaid Assets Excluded from Rate Base	$ -		$ 3.446	h	$ -	
13	Total Operating Expense/(Benefit) (Ln 10 + Ln 11 + Ln 12)	$ (6.333)		$ (2.887)		$ (6.333)	
14							
15	**Operating Revenue Increase/(Decrease)** (Ln 8 + Ln 13)	**$ (3.624)**		**$ (2.887)**		**$ (7.053)**	
16							
17	**Increase/(Decrease) from As-Filed Request**			**$ 0.737**		**$ (3.429)**	g

a Section V, Schedule 4, Line 231, Column "Adjusted KY PSC Juris"; Accounts 1650010 and 1650035
b KPCO_R_AG_KIUC_1_28_Attachment1, Excel Rows 27, 68, and 108 (Exhibit HMW-R2, Pages 2-6)
c KPCO_R_AG_KIUC_1_28 (Exhibit HMW-R2, Page 1)
d Calculated based on Section V, Schedule 2, Page 1 and Page 2.
e Section V, Exhibit 2, W21, Ln 2, multiplied by O&M% (Ln 5) and OML (Ln 19)
f Section V, Exhibit 2, W21, Ln 3, multiplied by OML (Ln 19)
g Direct Testimony of Lane Kollen, table at 6, Line "Remove Prepaid Pension and OPEB Balances from Rate Base"
h Exhibit HMW-R1

Column (1) in Table HMW-R1 illustrates that the Company's as-filed request includes a revenue decrease of $3.6 million because of the benefit (lower expense) primarily related to the expected returns on plan assets (including the expected return on prepaid contributions), all of which the Company proposed to be provided to customers. I recommend that the Commission approve the Company's as-filed request.

Column (2) in Table HMW-R1 provides the Commission with a properly calculated alternative, should the Commission not allow the prepaid pension and OPEB assets to be included in rate base. This alternative excludes the prepaid pension and OPEB assets from rate base, along with the related ADIT liability. In addition, the benefit (lower expense) resulting from expected returns on prepaid contributions has been removed, as supported by the calculation at Exhibit HMW-R1. This alternative provides customers with an overall pension and OPEB-related revenue requirement decrease of $2.9 million, instead of the $3.6 million decrease reflected in the Company's as-filed proposal. In summary, should the Commission select this alternative, an adjustment to increase the revenue requirement by $0.7 million would be necessary.

Column (3) in Table HMW-R1 illustrates that AG-KIUC Witness Kollen has recommended that customers be provided with a revenue requirement decrease of $7.1 million, which is a $3.4 million larger decrease than the Company's filed request. In summary, Mr. Kollen recommends that the prepaid pension and OPEB assets be removed from rate base, without also removing the related ADIT liability from rate base and without removing the expected returns on prepaid contributions from operating expense. This recommendation does not result in appropriate matching for ratemaking purposes, and as a result, it should not be adopted.

Q. PLEASE ADDRESS AG-KIUC WITNESS KOLLEN'S CONFLICTING STATEMENTS REGARDING THE COMPANY'S RATEMAKING TREATMENT OF ADIT LIABILITIES RELATED TO PREPAID PENSION AND OPEB ASSET ACCOUNTS (ACCOUNTS 1650010 AND 1650035).

A. With regard to the prepaid pension and OPEB assets recorded in accounts 1650010 and 1650035, and included in the requested rate base, AG-KIUC Witness Kollen correctly states, "The Company also reflected the related liability ADIT amounts as subtractions from rate base."[1] As further evidence supporting the accuracy of this statement, the Company's response to AG-KIUC 1-28, specifically, KPCO_R_AG_KIUC_1_28_Attachment1, Excel Rows 27, 68, and 108, illustrates the Company included the related ADIT liabilities in requested rate base to correspond with its request to include the prepaid pension and OPEB assets in rate base. I have provided the Company's response to AG-KIUC 1-28 as Exhibit HMW-R2.

However, later in his testimony, Mr. Kollen erroneously states, "There is no ADIT effect…"[2] Then, as a result of this erroneous view, it seems Mr. Kollen subsequently fails to remove the ADIT liability from rate base when computing his recommended adjustment to exclude the prepaid pension and OPEB assets from rate base despite acknowledging the principle that, "…the ADIT needs to follow the prepaid amounts…"[3]

Column (3) in Table HMW-R1 above illustrates AG-KIUC Witness Kollen's recommendation that the prepaid pension and OPEB assets be removed from rate base, without also removing the related ADIT liability from rate base. As previously stated, this recommendation does not result in appropriate matching for ratemaking purposes and should be rejected. Ratemaking treatment of ADIT should follow the ratemaking treatment of the prepaid assets.

---

[1] Direct Testimony of Lane Kollen at 28, Lines 2-9.
[2] *Id*. at 32, Line 15.
[3] *Id*. at 33, Lines 11-12.

Q. ARE ADIT ASSETS RELATED TO CONTRA-PREPAID PENSION AND OPEB ACCOUNTS (ACCOUNTS 1650014 AND 1650037) INCLUDED IN THE COMPANY'S REQUESTED RATE BASE, AS SUGGESTED BY MR. KOLLEN AND ADDRESSED IN HIS ALTERNATIVE RECOMMENDATION?

A. No, they are not. As stated in the Company's response to AG-KIUC 1-28, "Regarding ADIT, the Company excluded account 1650014 and account 1650037 related asset ADIT amounts from the rate base amounts. Support for this is provided in KPCO_R_AG_KIUC_1_28_Attachment1." As a result, Mr. Kollen's alternative recommendation (Pages 33-34, Line 3 through Line 14) is based on factually incorrect information and should be ignored. The Company's response to AG-KIUC 1-28 is provided as Exhibit HMW-R2.

Q. PLEASE DESCRIBE THE ADJUSTMENT TO OPERATING EXPENSE YOU ARE PROPOSING IF THE COMMISSION REMOVES PREPAID PENSION AND OPEB ASSETS FROM RATE BASE?

A. Without the expected returns on prepaid contributions, the Company's pension and OPEB expense would be higher. Therefore, if the pension and OPEB prepayments are removed from rate base, the Company's cost of service for the test year ended March 31, 2023 should be increased in order to remove the $3.4 million benefit (lower expense) resulting from these additional contributions, as supported by Exhibit HMW-R1.

Q. DID THE COMMISSION AUTHORIZE AN ADJUSTMENT TO OPERATING EXPENSE WHEN IT REMOVED PREPAID PENSION AND OPEB ASSETS FROM RATE BASE IN CASE NO. 2020-00174?

A. Yes. The Commission's January 13, 2021 Order in Case No. 2020-00174 (page 11) stated, "[t]he Commission finds that Kentucky Power provided sufficient evidence that there is a certain amount of cost savings attributed to the amounts recorded as a prepaid asset on Kentucky Power's books, and that the effect of increased expenses by not including the prepaid assets in rate base should be adequately reflected in the cost of service." The adjustment amount authorized by the Commission was consistent with the adjustment supported in Case No. 2020-00174 rebuttal testimony (Rebuttal Testimony of Company Witness Heather Whitney in Case No. 2020-00174, Exhibit HMW-R3).

Q. IS THE METHODOLOGY USED TO COMPUTE THE COMPANY'S ALTERNATIVE ADJUSTMENT IN THIS CASE THE SAME AS THE COMMISSION-AUTHORIZED METHOD IN CASE NO. 2020-00174?

A. It is substantially the same; however, an update is necessary to incorporate the effect of annual compounding[4] of returns since the prepaid pension and OPEB assets were excluded from customer rates beginning January 2021 as a result of the Order in Case No. 2020-00174. The $3.4 million Company alternative adjustment in this case, as supported at Exhibit HMW-R1, is composed of approximately $3.0 million related to

[4] Compounding refers to the process of earning on the sum of principal and accumulated returns (i.e., "interest on interest").

the current annual level of expected returns and $0.4 million related to compounding of 2021 and 2022 returns through 2023.

Q. WAS CALCULATION OF AN ALTERNATIVE ADJUSTMENT IN THE SAME FORMAT AS AUTHORIZED IN THE COMMISSION'S ORDER IN CASE NO. 2020-00174 REQUESTED AND PRODUCED IN DISCOVERY?

A. Yes. Information was requested and provided in response to AG-KIUC 1-30 to support calculation of the approximately $3.0 million related to the current annual level of expected returns. Calculation of the $0.4 million related to compounding of 2021 and 2022 returns through 2023 was not provided in response to AG-KIUC 1-30, as it was not relevant to incorporate at the time of Case No. 2020-00174.

Q. DOES MR. KOLLEN EXPLAIN WHY HE DOES NOT RECOMMEND AN ADJUSTMENT TO OPERATING EXPENSE IF THE COMMISSION REMOVES PREPAID PENSION AND OPEB ASSETS FROM RATE BASE, CONTRARY TO THE COMMISSION ORDER IN CASE NO. 2020-00174?

A. No, Mr. Kollen's testimony does not offer any rationale. While he states he would, "…address in the Operating Income section of my testimony,"[5] no further discussion on this topic appears within his filed testimony.

Further, Mr. Kollen made an erroneous and unsupported assertion that perhaps the Company was, "…double counting the return on the trust fund assets and the interest on the liabilities already included in the pension and OPEB cost calculations."[6] The record evidence clearly supports that the expected return on the trust fund assets

[5] Kollen Direct at 27, Lines 10-12.
[6] *Id.* at 27, Lines 6-7.

within pension and OPEB non-service cost is a credit (reduction) to the cost of service, not a charge.[7] There is no double counting, as alleged by Mr. Kollen.

Q. PLEASE SUMMARIZE YOUR RECOMMENDATION IF THE COMMISSION REMOVES PREPAID PENSION AND OPEB ASSETS FROM RATE BASE.

A. As shown in Column (2) of Table HMW-R1, should the Commission not allow the prepaid pension and OPEB assets to be included in rate base, the related ADIT liability should also be excluded from rate base, resulting in a $2.7 million reduction in the revenue requirement. In addition, the benefit (lower expense) resulting from expected returns on prepaid contributions should be removed, as supported by the calculation at Exhibit HMW-R1, resulting in a $3.4 million increase in the revenue requirement. The net effect of these adjustments is a $0.7 million revenue requirement increase. In summary, should the Commission remove the prepaid pension and OPEB assets from rate base, an adjustment to increase the Company's as-filed revenue requirement by $0.7 million would be necessary.

Q. WHY IS IT APPROPRIATE THAT THE COMPANY BE ALLOWED TO INCLUDE ITS PREPAID PENSION AND OPEB ASSETS IN RATE BASE?

A. Kentucky Power Company has made cash contributions to the pension and OPEB plans in excess of cost, and the inclusion of these cash prepayments in rate base is consistent with well-accepted ratemaking principles to compensate the Company for use of the investor funds in the provision of utility service, because the prepayments benefit customers. Specifically, the prepayments lower both current and future cost, and

---

[7] Refer to Section V, Exhibit 2, W21, Line 3; KPCO_R_KPSC_2_1_Attachment 55_WhitneyWP1, tab W21_PG_1_of_2; KPSC 1_30; AG-KIUC 1_30, and Exhibit HMW-R1.

therefore could benefit customers through reduced cost of service if the Company's request is approved.

Q. PLEASE SUMMARIZE THE REASONS CITED BY AG-KIUC WITNESS KOLLEN IN SUPPORT OF HIS RECOMMENDATION TO EXCLUDE THE PREPAID PENSION AND OPEB ASSETS FROM RATE BASE.

A. Mr. Kollen provides the following arguments and assertions in support of his position to exclude the prepaid pension and OPEB assets from rate base:

1. "…there is no financing requirement associated with those accounts [accounts 1650010, 1650035, 1650014, and 1650037] and no further inquiry is required";[8] and

2. "…there is no prepaid pension asset and there is no prepaid OPEB asset unless you ignore the negative amounts in accounts 1650014 and 1650037, which is what the Company did in its calculation of rate base";[9]

3. "…the Company's accounting reflected in these four accounts [accounts 1650010, 1650035, 1650014, and 1650037] is not required, defined, or described by GAAP or the FERC USOA. Rather, AEP itself has uniquely defined these accounts for use by its operating utilities within its accounting system for recordkeeping purposes and, as is apparent in multiple rate proceedings in multiple jurisdictions, to assist the operating companies in their attempts to increase rate base by including only the positive amounts in accounts 1650010 and 1650035 in rate base."[10]

[8] Kollen Direct at 31, Lines 4-5.
[9] *Id*. at 28, Lines 20-22.
[10] *Id.* at 29, Lines 9-15.

Q. DO YOU AGREE WITH AG-KIUC WITNESS KOLLEN'S RECOMMENDATION TO EXCLUDE THE PREPAID PENSION AND OPEB ASSETS FROM RATE BASE?

A. No, I disagree with the AG-KIUC's recommendation and each of the reasons given in support of AG-KIUC Witness Kollen's position. I will address each of the statements referenced above.

Q. WHAT SUPPORT DOES AG-KIUC WITNESS KOLLEN PROVIDE FOR HIS CLAIM THAT "…THERE IS NO FINANCING REQUIREMENT…" ASSOCIATED WITH THE PENSION AND OPEB PREPAYMENTS?

A. Mr. Kollen's support for this assertion is seemingly based on his incorrect interpretation of amounts recorded in the Company's general ledger, despite the Company's response to AG-KIUC 1-29. He erroneously deduces that, "The amounts in the four account 165 accounts net to $0, so there is no financing requirement associated with those accounts…," leaving only regulatory asset balances which he infers are not financed [11]. Mr. Kollen's position hinges on a failure to acknowledge that the Company has, in fact, made cash contributions to the pension and OPEB plans in excess of cost, as well as a misinterpretation of a non-cash reclass made for financial reporting purposes under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 715, Compensation - Retirement Benefits ("Non-Cash ASC 715 Reclass"), supplied in the Company's response to AG-KIUC 1-29.

---

[11] Kollen Direct at 31, Lines 4-5.

Q. CAN YOU PLEASE EXPLAIN THE COMPANY'S RESPONSE TO AG-KIUC 1-29 AND PROPERLY DISTINGUISH PENSION AND OPEB CASH PREPAYMENT BALANCES FROM THE NON-CASH ASC 715 RECLASS RECORDED USING A BALANCED, NET $0, ENTRY?

A. Yes. Below, in Table HMW-R2, I have aligned the table provided in response to subpart b. of AG-KIUC 1-29 and presented in Mr. Kollen's testimony[12] with the written response to subparts c. and d. of AG-KIUC 1-29. Lines 1 and 9 contain the cash prepayment balances. Lines 2 – 7 contain the Non-Cash ASC 715 Reclasses, which balance to a net $0 amount as shown in Line 8 and expected under accrual, double-entry accounting.[13]

[12] Kollen Direct at 30.

[13] FASB Statement of Financial Accounting Concepts No. 6, Paragraphs 20 and 21, ***Interrelation of Elements – Articulation***, supports the expectation of a balanced entry when applying accrual, double-entry accounting. Specifically, Paragraph 21 provides, *"…an increase (decrease) in an asset cannot occur without a corresponding decrease (increase) in another asset or a corresponding increase (decrease) in a liability or equity (net assets).*"

Table HMW-R2
AG-KIUC 1-29, Subpart b.
Kentucky Power Company
Pension and OPEB Balances as of March 31, 2023

Line No.	Account	Description	Pension	OPEB	Subtotal Tie Out	Cross Reference: AG-KIUC 2-17, Subparts c. and d.	Other References
1	1650010/ 1650035	Prepayment - Contributions	$13,594,831	$28,069,873	A	"The balances in Account 1650010 and 1650035 reflect the Companies' **cumulative cash contributions** in excess of cumulative pension and OPEB cost."	Exhibit HMW-R1 Exhibit HMW-R3 Exhibit HMW-R4
2	1650014/ 1650037	ASC 715 Prepayment Reclass	(13,594,831)	(28,069,873)	B, C	"There are also **non-cash ASC 715 accrual adjustment balances** recorded in Accounts 1290000, 1290001, 1290002, 1290003, 1650014, 1650037, 1823165, 1823166, 2190006, 2190007, 1900010, 1900011, 2283006 and 2283016 that result from entries required by ASC 715 **to separate the calculated prepayment** into two separate components. The **first component is the funded status** and **second component is other comprehensive income (or a regulatory asset)** for gains and losses that have not yet been recognized as components of net periodic benefit cost."	Total Non-Cash ASC 715 Reclass
3	1290000/ 1290001	ASC 715 Trust Funded Positions (Assets)	-	20,999,603	B		Reclass Component 1: Funded status
4	2283016/ 2283006	ASC 715 Trust Funded Position (Liabilities)	(3,495,658)	-	B		
5	1823165/ 1823166	ASC 715 - Regulatory Asset	17,090,489	7,070,270	B		Reclass Component 2: Other comprehensive income/ regulatory asset
6	1900010/ 1900011	ASC 715 - ADFIT Asset	-	-	B		
7	2190006/ 2190007	ASC – 715 Other Comprehensive Income	-	-	B		
8		**Total ASC 715 Entries**	-	-	= ∑ B's	"...The prepaid assets related to pension and OPEB are recorded on the Company's books under FASB ASC 715, Compensation - Retirement Benefits." "...the ASC 715 entries zero out [Sum of B's] leaving the **cash prepayment [A]** that is the Company's cumulative contributions in excess of cumulative pension and OPEB cost, which is included in the Company's calculation of rate base in this proceeding. The **non-cash ASC 715 accounting entries [Sum of B's]** are made for financial reporting purposes and **do not impact the cost of service**."	
9		**Total Prepayment Contributions**	**13,594,831**	**28,069,873**	= A		
10		Total Excluding 165 Accounts	$ 13,594,831	$ 28,069,873	= ∑B's - C	-	
11		Total All Accounts	$ 13,594,831	$ 28,069,873	= A+∑B's	-	

Line 10 in Table HMW-R2 above reflects the position of AG-KIUC Witness Kollen, which is based on a misinterpretation of the Non-Cash ASC 715 Reclass, since it results in an unbalanced entry. Mr. Kollen's view is that the Non-Cash ASC 715 Reclass on Line 2 should be isolated and evaluated separately from the remaining elements of the Non-Cash ASC 715 Reclass entry shown in Lines 3 – 7, since the non-cash amounts in Line 2 are recorded to the same FERC account as the cash prepayments shown in Line 1, FERC Account 165. As can be clearly seen, Mr. Kollen's view is erroneous and baseless under the basic accrual accounting concept of balanced journal entries; it is misleading in that Mr. Kollen's departure from a basic accrual accounting concept veils the Company's actual cash prepayment (Line 1) with one unbalanced element of a non-cash reclass entry (Line 2) and then characterize the remaining, unbalanced elements of the non-cash reclass entry (Lines 3 - 7) as ineligible for inclusion in rate base since the non-cash amounts are not financed.

Q. DO YOU HAVE EVIDENCE TO SHOW THAT THE COMPANY'S PREPAID PENSION ASSET RECORDED IN ACCOUNT 1650010 IS, IN FACT, A CASH ASSET?

A. Yes. Page 1 of Exhibit HMW-R3 and Exhibit HMW-R4 shows the payments made by AEP to the Bank of New York in June 2017 and September 2020, respectively, on behalf of the AEP subsidiary companies, including Kentucky Power Company, for the pension plan contributions made since Case No. 2017-00179, the Company's last base case proceeding which reflected prepaid pension and OPEB balances in total capitalization. Page 2 of Exhibit HMW-R3 and Exhibit HMW-R4 shows Kentucky Power Company's portion of this cash payment allocated to the Kentucky Power Company Distribution, Transmission and Generation functional business units. Page 2 of Exhibit HMW-R3 and Exhibit HMW-R4 also shows that the entry at the time of the pension contribution recorded on Kentucky Power Company's books was a debit to Account 1650010, Prepaid Pension Benefits, and a credit to Account 2340001, Accounts Payable Assoc Co - InterUnit G/L. Kentucky Power Company reimbursed AEP for the pension plan contribution through the AEP Money Pool. Therefore, the Company's prepaid pension and OPEB assets are "cash assets" because they were established based on cash transactions.

Q. WAS THE PROCESS FOR THE COMPANY'S CASH CONTRIBUTIONS TO THE PENSION PLAN PRIOR TO THE TEST YEAR END DATE IN CASE NO. 2017-00179 THE SAME AS YOU DESCRIBED ABOVE FOR THE 2017 AND 2020 PENSION PLAN CONTRIBUTIONS?

A. Yes.

Q. HAS THE COMPANY MADE ANY CASH CONTRIBUTIONS TO THE OPEB PLAN SINCE CASE NO. 2017-00179?

A. No. The prepaid OPEB asset was established on the Company's books in March 2014. Prior to 2014, the Company's OPEB funding policy was to contribute an amount to the OPEB trust fund equal to the other postretirement benefit cost. The Company stopped making OPEB contributions after 2012 when the cost became negative due to changes made to the retiree medical coverage. These changes included the capping of contributions to retiree medical costs thus reducing the Company's future exposure to medical cost inflation. Also, effective for employees hired after December 2013, retiree medical coverage will not be provided.

Q. WAS THE PROCESS FOR THE COMPANY'S CASH CONTRIBUTIONS TO THE OPEB PLAN PRIOR TO 2012 (WHEN THE COST BECAME NEGATIVE DUE TO CHANGES MADE TO RETIREE MEDICAL COVERAGE) THE SAME AS YOU DESCRIBED ABOVE FOR THE 2017 AND 2020 PENSION PLAN CONTRIBUTIONS?

A. Yes.

Q. DOES AG-KIUC WITNESS KOLLEN AGREE THAT CASH ASSETS FINANCED BY THE COMPANY SHOULD EARN A RETURN THROUGH INCLUSION IN RATE BASE?

A. Yes, it would appear so. Mr. Kollen states that, "If the former [accounts are assets that the Company financed], then they should be included in rate base."[14] As demonstrated in Exhibit HMW-R3 and Exhibit HMW-R4, and as discussed above, the Company's prepaid pension and OPEB assets are cash assets and as such, are financed by the Company and appropriately included in rate base.

Q. DO THE COMPANY'S CASH PREPAID PENSION AND OPEB ASSETS PRODUCE A NET BENEFIT?

A. Yes. Exhibit HMW-R1 rolls the prepaid pension and OPEB asset account balances forward from Case No. 2017-00179 in order to demonstrate that period-end prepaid account balances (Column C) represent cumulative cash contributions (contributions since last base case reflected in Column A) in excess of cumulative pension and OPEB cost (cost since last base case reflected in Column B). In addition, Exhibit HMW-R1 shows the cumulative prepaid pension and OPEB assets have reduced Total Company pension and OPEB cost Kentucky Power Company would otherwise have incurred and recorded on its books by approximately $3.5 million annually since 2017 (Exhibit HMW-R1, Line 33). In other words, had the cash contributions not been made to the pension and OPEB plans, the Company's total amount of pension and OPEB cost would have increased by approximately $3.5 million annually. For the Company's test

[14] Kollen Direct at 31, Lines 8-9.

year ended March 31, 2023, approximately $3.4 million in cost savings were included as a reduction in the Company's jurisdictional cost of service (Exhibit HMW-R1, Line 30).

Q. ARE WITNESS KOLLEN'S CLAIMS THAT THE COMPANY IGNORED "…THE NEGATIVE AMOUNTS IN ACCOUNTS 1650014 AND 1650037…IN ITS CALCULATION OF RATE BASE," AND, "THERE IS NO FINANCING REQUIREMENT ASSOCIATED WITH THOSE ACCOUNTS [ACCOUNTS 1650010, 1650035, 1650014, and 1650037]…"ACCURATE?

A. No, as I previously explained, this assertion is both erroneous and baseless under the basic accrual accounting concept of balanced journal entries. In addition, as further explained below, the inclusion or exclusion of the negative amounts in accounts 1640014 and 1650037 does not change the amounts or character of the prepaid pension and OPEB cash assets that should be included in rate base when all related non-cash accounts are considered.

Q. CAN YOU EXPLAIN THE PURPOSE OF THE NON-CASH ASC 715 ACCRUAL ADJUSTMENT BALANCE SHEET ACCOUNTS, INCLUDING THE NEGATIVE AMOUNTS IN ACCOUNTS 1650014 AND 1650037?

A. Yes. The prepaid assets related to pension and OPEB are recorded on the Company's books under FASB ASC 715, Compensation - Retirement Benefits. The Company has recorded the cash prepaid pension balance in Account 1650010 and cash prepaid OPEB balance in Account 1650035 and included such balances in rate base. The balances in Account 1650010 and 1650035 reflect the Company's cumulative cash contributions in excess of cumulative pension and OPEB cost. There are also non-cash ASC 715 accrual adjustment balances recorded in Accounts 1290000, 1290001, 1290002, 1290003, 1650014, 1650037, 1823165, 1823166, 1900010, 1900011, 2190006, 2190007, 2283006, and 2283016 that result from the Non-Cash ASC 715 Reclass entries required by ASC 715 to separate the calculated prepayment into two separate components – the funded status and accumulated other comprehensive income (or a regulatory asset) for gains and losses that have not yet been recognized as components of net periodic benefit cost.

To recognize the funded positions, the Company records a series of balance sheet entries for the components of Kentucky Power Company's pension and OPEB plan prepayments. Specifically, for periods in which Kentucky Power Company's pension and OPEB plans are in an overfunded position, the Company records an asset balance to Account 129 for the overfunded amount, and for periods in which Kentucky Power Company's pension and OPEB plans are under-funded, the Company records a liability balance to Account 228.3 for the net under-funded amount.

The Company records, as a component of accumulated other comprehensive income, Account 219, the changes in the funded status that arise during the year that are not recognized as a component of net periodic benefit cost, with the tax effect recorded to Account 190, Accumulated deferred income taxes. A regulatory asset is recorded to Account 182.3 instead of accumulated other comprehensive income for qualifying benefit costs of regulated operations that are deferred for future recovery.

The total of the funded status recorded to Account 129 or 228.3, and the cumulative funded status adjustment recorded to Accounts 219 and Account 190, or Account 182.3 as applicable, will equal the corresponding pension and OPEB plan prepayments recorded to Account 165. In other words, these entries simply move amounts between various balance sheet accounts to facilitate financial reporting in accordance with ASC 715, but do not alter the original transactions of recording cash contributions to the pension and OPEB trust as a prepayment and recording expenses as the prepayment is used.

Q. WITNESS KOLLEN CRITICIZES THE COMPANY FOR IGNORING THE NEGATIVE AMOUNTS IN ACCOUNTS 1650014 AND 1650037 FOR RATE BASE PURPOSES. DOES MR. KOLLEN IGNORE THE OTHER NON-CASH BALANCE SHEET ACCOUNTS IN HIS TESTIMONY RELATED TO PENSIONS AND OPEB?

A. Yes. The Company's response to AG-KIUC 1-29, which is attached to the testimony of AG-KIUC Witness Kollen as Exhibit __ (LK-10), provided the complete list of Non-Cash ASC 715 Reclass accrual adjustment accounts including Accounts 1650014 and 1650037 as well as Accounts 1290000, 1290001, 1290002, 1290003, 1823165, 1823166, 1900010, 1900011 2190006, 2190007, 2283006, and 2283016 that are excluded from rate base and have no effect on ratemaking because they zero out thus leaving, for ratemaking, the proper amount of prepayment financed by the Company.

Q. WOULD IT BE APPROPRIATE TO INCLUDE THE NEGATIVE AMOUNTS IN ACCOUNTS 1650014 AND 1650037 IN RATE BASE WITHOUT INCLUDING THE OTHER NON-CASH ASC 715 RECLASS BALANCE SHEET ACCOUNTS?

A. No, it would be very inappropriate to include only part of the Non-Cash ASC 715 Reclass pension and OPEB balance sheet accounts in rate base as suggested by AG-KIUC Witness Kollen. As previously discussed, this would be an erroneous departure from the basic accrual accounting concept of balanced journal entries and would be improper ratemaking by ignoring an asset financed by the Company.

Q. WOULD THE RESULT CHANGE IF ALL OF THE NON-CASH ASC 715 RECLASS BALANCE SHEET ACCOUNTS WERE INCLUDED IN RATE BASE VERSUS EXCLUDING ALL OF THESE ACCOUNTS AS THE COMPANY HAS DONE?

A. No, the impact on rate base would be exactly the same as that recommended by the Company in this proceeding. As can be seen at Table HMW-R2, the Non-Cash ASC 715 Reclass entries zero out (Line 8) leaving the cash prepayment that is the Company's cumulative contributions in excess of cumulative pension and OPEB cost (Line 9). For ratemaking, the Company has traditionally excluded the Non-Cash ASC 715 Reclass accounting entries because it is simply geography on the balance sheet for financial reporting purposes. However, another option would be to include all the Non-Cash ASC 715 Reclass accounting entries along with the cash prepayment (sum of Lines 8 and 9, as shown in Line 11). Either way, the end result is the Company's request in this case, which reflects the cash prepayments in rate base.

Q. DO YOU HAVE ANY COMMENTS REGARDING MR. KOLLEN'S STATEMENT THAT "THE COMPANY'S ACCOUNTING REFLECTED IN THESE FOUR ACCOUNTS [1650010, 1650035, 1650014, AND 1650037] IS NOT REQUIRED, DEFINED, OR DESCRIBED BY GAAP OR THE FERC USOA?"

A. Yes. Contrary to AG-KIUC Witness Kollen's claim, prepaid pension and OPEB assets exist under GAAP. Consistent with GAAP, a prepaid pension asset and a prepaid OPEB asset exist when contributions to the related trust fund exceeds the amount of cost that is recorded. Pension and OPEB cost required to be recorded under GAAP is net of the earned return on plan-related investments.

It is important to note that under Statement of Financial Accounting Standards ("SFAS") 87, *Employers' Accounting for Pensions*, the GAAP accounting predecessor to SFAS 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* (now codified in ASC 715), the prepaid pension asset is explained as arising from an employer's cumulative cash contributions in excess of cumulative pension cost. Paragraph 35 of SFAS 87, as originally issued, states:

> A liability (unfunded accrued pension cost) is recognized if net periodic pension cost recognized pursuant to this Statement exceeds amounts the employer has contributed to the plan. An asset (prepaid pension cost) is recognized if net periodic pension cost is less than amounts the employer has contributed to the plan.

Q. DO CURRENT ACCOUNTING STANDARDS STILL USE THE ABOVE APPROACH FOR CALCULATING A PREPAID PENSION ASSET?

A. Yes, the prepayment continues to represent the difference between cash contributions to the plan trust fund and the actuarially determined cost recorded on the books. Kentucky Power Company implemented SFAS 158 (now codified in ASC 715), which results in accounting entries (Non-Cash ASC 715 Reclass) to separate the calculated prepayment into two separate components – Kentucky Power Company's funded position (either an asset or liability) and accumulated other comprehensive income or a regulatory asset balance for the timing difference between the amount recorded as expense and the amount recovered from customers over time. The Non-Cash ASC 715 Reclass entry moves amounts between various balance sheet accounts for financial reporting purposes but doesn't change the character of the original transaction of making a cash contribution to the pension trust and recording pension expense. In the end, a prepayment remains that is separated into two components on the balance sheet – funded position and accumulated other comprehensive income or regulatory asset.

If Kentucky Power Company's contributions to the pension and OPEB trust funds are equal to the GAAP-determined plan cost, there would be no related prepaid asset or liability and the Company would recover this pension and OPEB cost from customers. If Kentucky Power Company's contributions to the pension and OPEB plan trust funds are less than the GAAP-determined plan cost, the Company would have a liability. For periods in which Kentucky Power Company makes contributions above the GAAP-determined cost, the Company has a prepaid asset that, as described above, is a cash asset that has been financed by the Company.

Q. DOES MR. KOLLEN IMPLY THAT THE COMPANY IS NOT COMPLYING WITH GAAP AND ASC 715 IN REGARDS TO ACCOUNTING FOR PREPAID PENSION AND OPEB ASSETS?

A. It is not entirely clear, but it is baseless if that is his assertion. Two different external auditors have issued opinions since ASC 715 was implemented and both auditors have issued “unqualified” or clean opinions regarding the Company’s financial statements and disclosures, including the accounting for Kentucky Power Company’s pension and OPEB plans.

Q. IS WITNESS KOLLEN’S CLAIM THAT “AEP HAS DEFINED THESE ACCOUNTS…TO ASSIST THE OPERATING COMPANIES IN THEIR ATTEMPTS TO INCREASE RATE BASE BY INCLUDING ONLY THE POSITIVE AMOUNTS IN ACCOUNTS 1650010 AND 1650035 IN RATE BASE” ACCURATE?

A. No, this accusation is baseless and incorrect. As stated earlier, the ASC 715 balance sheet accounts are part of reclass entries for financial reporting purposes and zero out, leaving the true cash financed asset. The amounts recorded in accounts 1650010 and 1650035 are composed of Kentucky Power’s cumulative cash contributions in excess of cumulative pension and OPEB cost and the Non-Cash ASC 715 Reclass amounts are irrelevant for ratemaking purposes.

Further, up to the Company’s last base case (Case No. 2020-00174), the “return on” component of Kentucky Power’s base revenue requirement was historically computed based on total capitalization, which inherently reflects amounts financed by the Company (such as prepaid pension and OPEB amounts) and excludes non-cash transactions. Kentucky Power Company’s consistent approach to reflect these prepayments in total capitalization, and now in requested rate base, discredits Mr. Kollen’s claim.

IV. RATE BASE TREATMENT OF ACCOUNTS PAYABLE IN CWIP AND PREPAYMENTS

Q. PLEASE EXPLAIN MR. KOLLEN'S PROPOSALS REGARDING RATE BASE TREATMENT OF ACCOUNTS PAYABLE IN CWIP AND PREPAYMENTS.

A. Mr. Kollen is recommending that March 31, 2023 test year end CWIP and prepayment balances included in rate base be reduced by the 13-month average of related accounts payable outstanding, because accounts payable vendors finance the accounts payable balances until paid by the Company. Mr. Kollen cites the Commission order in Kentucky Power's last base case as further support for his recommendation.

Q. DOES THE COMPANY AGREE WITH MR. KOLLEN'S PROPOSAL?

A. No. Accounts payable are short-term in nature (due within a couple of months from accrual). Therefore, it is reasonable to expect that accrued accounts payable in CWIP and prepayments as of the March 31, 2023 test year end in this case would be paid by the Company, and therefore financed at the Company's weighted average cost of capital, by the time new rates resulting from this case are implemented in 2024. The Company respectfully requests that Mr. Kollen's recommendation be rejected on the basis that the balances will be financed by the Company by the time rates resulting from this case are implemented, due to the short-term nature of accounts payable financing.

V. PROFORMA ADJUSTMENTS RELATED TO RESUMING SALE OF CUSTOMER ACCOUNTS RECEIVABLE TO AEP CREDIT

Q. PLEASE EXPLAIN MR. KOLLEN'S RECOMMENDATION (PAGE 24, LINE 14 THROUGH PAGE 26).

A. Mr. Kollen recommends that Kentucky Power update the calculation of its requested revenue requirement to reflect resuming the sale of receivables to AEP Credit after the conclusion of the historical test year used to establish rates in this proceeding. He proposes that this could be accomplished by (1) decreasing revenue lag days used in the computation of CWC included in rate base from 51.49 to 4.52, resulting in a revenue requirement reduction of $6.7 million and (2) increasing expense related to the sale of receivables, resulting in a revenue requirement increase of $1.7 million. The net effect of his recommended adjustments is a $5.1 million revenue requirement decrease.

Q. WHEN DID KENTUCKY POWER RESUME THE SALE OF RECEIVABLES TO AEP CREDIT?

A. As reported in Kentucky Power's September 8, 2023 supplemental response to KPSC 1-48, the Company resumed the sale of receivables to AEP Credit on September 7, 2023. I am providing the narrative response to KPSC 1-48 as Exhibit HMW-R5.

Q. PLEASE DESCRIBE THE COMPANY'S SALE OF RECEIVABLES ARRANGEMENT WITH AEP CREDIT.

A. Kentucky Power participates in a sale of receivables arrangement with AEP Credit[15]. Under this sale of receivables arrangement, described in the Company's Purchase

[15] See Kentucky Power's response to AG-KIUC 1-54, including the November 3, 2023 supplemental response.

Agreement and Agency Agreement executed with AEP Credit, Kentucky Power sells, without recourse, certain of its customer accounts receivable and accrued unbilled revenue balances to AEP Credit and is charged a fee based on carrying costs, administrative costs and collection experience for Kentucky Power's receivables. Exhibit B to the Purchase Agreement between Kentucky Power and AEP Credit defines the methodology to calculate this fee, which, in total, is referred to as the discount on the sale of receivables or factoring expense. Kentucky Power maintains management and servicing of its customer accounts receivable, sold to AEP Credit.

Q. DOES KENTUCKY POWER OPPOSE MR. KOLLEN'S RECOMMENDATION TO UPDATE THE CALCULATION OF ITS REQUESTED REVENUE REQUIREMENT TO REFLECT RESUMING THE SALE OF RECEIVABLES TO AEP CREDIT ON SEPTEMBER 7, 2023, OVER FIVE MONTHS AFTER THE CONCLUSION OF THE HISTORICAL TEST YEAR USED TO ESTABLISH RATES IN THIS CASE?

A. Kentucky Power does not oppose the recommendation to update the calculation of its requested revenue requirement for this item, if the update is comprehensive and based on known and measurable, going forward, information.

Q. ARE MR. KOLLEN'S PROPOSED ADJUSTMENTS COMPREHENSIVE AND BASED ON KNOWN AND MEASURABLE, GOING FORWARD, INFORMATION?

A. No. Mr. Kollen's incomplete set of two adjustments erroneously indicate this change will result in a $5.1 million annual revenue requirement reduction going forward for Kentucky Power. However, the Company's comprehensive analysis provided in its

September 28, 2023 supplemental response to KPSC 1-48, which is provided at Exhibit HMW-R5, supports a going-forward revenue requirement reduction of $0.9 million. See Table HMW-R3 below for a summary and comparison of positions. The main drivers of the $4.2 million difference in positions are:

1. Mr. Kollen failed to reduce the level of short-term debt in the Company's capital structure to reflect the sale of receivables going forward. Correction would result in a $1.4 million increase in after-tax net income (which translates to a pre-tax revenue requirement increase of $2.0 million), as shown in the "Adjustment #2" section of Table HMW-R3; and,
2. Mr. Kollen failed to appropriately calculate an annual level of carrying cost related to the sale of receivables consistent with the method defined in Kentucky Power's Purchase Agreement with AEP Credit, including use of an appropriate going-forward carrying cost rate based on the actual rates charged to Kentucky Power by AEP Credit upon resuming the sale of receivables on September 7, 2023. Correction would result in a $4.3 million increase in expense, approximately $2.6 million more than the $1.7 million increase recommended by Mr. Kollen, as shown in the "Adjustment #3" section of Table HMW-R3.

The remaining difference in positions is primarily due to Mr. Kollen's failure to synchronize the impact of changes in CWC, factoring expense, income tax expense, and the weighted average cost of capital within the revenue requirement calculation.

Table HMW-R3
Comparison of Positions:
Adjustments to Reflect Resuming Sale of Accounts Receivable
(in millions)

Line No.	Description	(1) Company Adjustment KY Jurisdiction		(2) AG-KIUC Adjustment KY Jurisdiction		(3) = (1) - (2) Difference KY Jurisdiction
1	**Adjustment #1 - Decrease Cash Working Capital (CWC) in Rate Base to Reflect Sale of Receivables Going Forward**					
2	Pre-Tax Rate of Return, As Requested	8.35%		8.35%		0.00%
3	After-Tax Rate of Return, As Requested	6.93%		6.93%		0.00%
4						
5	Decrease CWC in Rate Base	$ (80.614)	a	$ (80.610)		$ (0.004)
6						
7	Revenue Requirement Decrease (Ln 2 x Ln 5)	$ (6.728)		$ (6.728)	l, m	$ (0.000)
8	Decrease in Net Income (Ln 3 x Ln 5)	$ (5.587)	b	$ (5.586)		$ (0.000)
9	**Adjustment #2 - Decrease Short Term (ST) Debt in Capital Structure to Reflect Sale of Receivables Going Forward**					
10	Decrease ST Debt in Capital Structure	$ (47.776)	c	$ -		$ (47.776)
11	Total Rate Base, As Requested	$ 1,793.488		$ 1,793.488		$ -
12	Total Rate Base, As Adjusted for CWC Decrease (Ln 5 + Ln 11)	$ 1,712.874		$ 1,712.878		$ (0.004)
13						
14	Pre-Tax Rate of Return, As Adjusted for Change in ST Debt	8.46%	d			0.12%
15	After-Tax Rate of Return, As Adjusted for Change in ST Debt	7.01%	e			0.08%
16						
17	Revenue Requirement Decrease ((Ln 14 - Ln 2) x Ln 12)	2.008				2.008
18	Decrease in Net Income ((Ln 15 - Ln 3) x Ln 12)	1.370	f			1.370
19	**Adjustment #3 - Increase Cost of Service to Include a Going-Forward Level of Carrying Cost Related to Sale of Receivables**					
20	Increase Factoring Expense (Account 4265009)	$ 4.303	g	$ 1.666	l, m	$ 2.637
21	**Adjustment #4 - Adjust Cost of Service to Include a Going-Forward Level of Bad Debt Cost Related to Sale of Receivables**					
22	Customer Receivables - Bad Debt Expense (Account 9040000)	(2.562)	h	-		(2.562)
23	Factoring - Bad Debt Expense (Account 4265010)	2.559	i	-		2.559
24	Net Adjustment to Bad Debt-Related Expense (Ln 22 + Ln 23)	(0.004)		-		(0.004)
25	**Adjustment #5 - Other**					
26	Change in Income Taxes and Other	$ (0.739)	j	$ -		$ (0.739)
27	**Summary**					
28	Total Decrease in Net Income (Lns 8, 18, 20, 24, and 26)	$ (0.656)	k	$ (3.920)		
29	Revenue Gross-Up (Ln 30 / Ln 28)	1.339897	k	1.288780		
30	**Net Revenue Requirement Decrease** (Ln 28 x Ln 29)	**$ (0.879)**	k	**$ (5.053)**	m	**$ 4.173**

a September 28, 2023 Supplemental Response to KPSC 1_48, Attachment 3, W61, Column (i), Ln 43, minus, Section V, Exhibit 2, W61, Column (i), Ln 43.

b September 28, 2023 Supplemental Response to KPSC 1_48, Attachment 1, Cell E14

c September 28, 2023 Supplemental Response to KPSC 1_48, Attachment 2, Schedule 3 Page 2, Cell I32 multiplied by GP-TOT
September 28, 2023 Supplemental Response to KPSC 1_48, Attachment 5, Tab "daily factored, rec. bal", Cell E371 multiplied by GP-TOT

d Calculated based on September 28, 2023 Supplemental Response to KPSC 1_48, Attachment 2, Schedule 2, Page 1 and Page 2.

e September 28, 2023 Supplemental Response to KPSC 1_48, Attachment 2, Schedule 2 Page 1, Column (6), Ln 5

f September 28, 2023 Supplemental Response to KPSC 1_48, Attachment 1, Cell D4

g September 28, 2023 Supplemental Response to KPSC 1_48, Attachment 5, Tab "W26 Bad Debt and Factoring Exp", Sum of Lns 4 and 5

h Section V, Exhibit 2, W26, Column "Adjusted Amount", Ln 1

i September 28, 2023 Supplemental Response to KPSC 1_48, Attachment 5, Tab "W26 Bad Debt and Factoring Exp", Ln 6

j September 28, 2023 Supplemental Response to KPSC 1_48, Attachment 1, Sum of Cells F9, F12, F15, and F16

k September 28, 2023 Supplemental Response to KPSC 1_48, Attachment 1, Cells C28, C29, and C32, respectively

l Direct Testimony of Lane Kollen, Table at 6, Lines "Correct Cash Working Capital to Reflect Sale of Receivables" and "Increase Interest Expense to Reflect Sale of Receivables"

m Direct Testimony of Lane Kollen at 26, Lines 19 - 22

Q. PLEASE DESCRIBE THE COMPANY'S ADJUSTMENT TO DECREASE THE CWC ALLOWANCE IN RATE BASE TO REFELCT FACTORING OF CUSTOMER ACCOUNTS RECEIVABLE (TABLE HMW-R3, ADJUSTMENT #1).

A. The CWC allowance in rate base is an estimate of the funds supplied by investors to cover the Company's operating costs during the period before revenues are collected from customers. The allowance is quantified using a lead-lag study and recognizes that investors are entitled to earn a return on the funds they supplied to finance the day-to-day operations of the business. Under the Company's arrangement with AEP Credit to sell, or factor, billed and unbilled customer accounts receivable, Kentucky Power receives its money for providing electric services within 4.52 days[16]. On the other hand, the time period from which the Company receives goods and services and the date it actually pays for goods and services range from approximately 14 days to 265 days. In other words, the Company receives its revenues much quicker than it pays for its expenses. Upon decreasing the revenue lag days used to calculate the CWC allowance in rate base from 51.49 to 4.52, in order to reflect restarting the sale of receivables, the Company's adjusted CWC allowance in rate base is negative [$7.686 million initial request, plus ($80.614) million adjustment equals ($72.927) million adjusted CWC allowance]. This negative CWC allowance is the result of minimizing the delay in collecting revenues from customers through the factoring of accounts receivable, and results in a related reduced need for other short-term financing.

---

[16] See Kentucky Power's response to AG-KIUC 1-22.

However, selling accounts receivable does come with a cost. Expenses associated with factoring are billed to Kentucky Power pursuant to its Purchase Agreement with AEP Credit and are includable in the Company's cost of service as an offset to the revenue requirement impact of the negative CWC allowance.

This adjustment to the CWC allowance has the effect of decreasing required net income by $5.587 million (or, decreasing the revenue requirement by $6.728 million). The only difference between the Company's adjustment and Mr. Kollen's proposal relates to Mr. Kollen's failure to synchronize the impact of changes in factoring expense, income tax expense, and the weighted average cost of capital within the calculation of the CWC allowance.

Q. PLEASE DESCRIBE THE COMPANY'S ADJUSTMENT TO DECREASE SHORT TERM DEBT IN THE CAPITAL STRUCTURE TO REFELCT FACTORING OF CUSTOMER ACCOUNTS RECEIVABLE (TABLE HMW-R3, ADJUSTMENT #2).

A. As acknowledged by Mr. Kollen, Kentucky Power did not sell receivables during the test year[17]. Therefore, the short-term debt level as of the test year end included in the Company's requested capital structure is not reflective of the sale of receivables. In order to comprehensively reflect restarting the sale of receivables in the Company's revenue requirement, an adjustment to reduce the level of short-term debt in the capital structure is warranted to reflect a reduced need for other short-term financing. Specifically, short-term debt in the Kentucky jurisdiction capital structure should be

[17] Kollen Direct at 25, Lines 1-3.

reduced by $47.776 million ($48.454 million[18] on a total company basis), which represents Kentucky Power's daily average factored accounts receivable balance in 2021, the most recent continuous one-year period in which Kentucky Power sold its accounts receivable. This adjustment to short-term debt has the effect of increasing the Company's weighted average cost of capital from 6.93% to 7.01%, which in turn results in an increase in required net income of $1.370 million (or, a $2.008 million revenue requirement increase). Mr. Kollen failed to address this going-forward change in his proposal.

Q. PLEASE DESCRIBE THE COMPANY'S ADJUSTMENT TO INCREASE THE COST OF SERVICE TO INCLUDE A GOING-FORWARD LEVEL OF CARRYING COST RELATED TO RESUMING THE SALE OF RECEIVABLES (TABLE HMW-R3, ADJUSTMENT #3).

A. The carrying cost component of factoring expense is calculated in accordance with Exhibit B, Schedule II of the Company's Purchase Agreement with AEP Credit, and recorded to Account 4265009. Carrying cost is calculated as the amount of receivables factored, multiplied by the carrying cost rate. The carrying cost rate is calculated based upon AEP Credit's capital structure of 95% debt and 5% equity, the weighted average daily cost of debt incurred by AEP Credit for accounts receivable purchased from Kentucky Power, Kentucky Power's cost of equity, the average days outstanding for accounts receivable purchased from Kentucky Power, and the total amount of Kentucky Power receivables factored.

[18] September 28, 2023 Supplemental Response to KPSC 1_48, Attachment 5, Tab "daily factored, rec. bal", Cell E371.

Consistent with the methodology in the Kentucky Power's Purchase Agreement with AEP Credit, the Company calculated a going-forward level of the carrying cost component of factoring expense of $4.303 million in Account 4265009, as detailed in KPCO_SR_KPSC_1_48_Attachment5. Key inputs driving the $4.3 million expense include:

- The actual cost of debt incurred by AEP Credit for accounts receivable purchased from Kentucky Power during the period September 7, 2023 through September 13, 2023, which was 5.5961%;
- AEP Credit's average days outstanding related to receivables purchased from Kentucky Power in 2021, the most recent continuous one-year period in which Kentucky Power sold its accounts receivable, plus an additional six days related to the Company's payment deadline extension proposal in this case, as discussed by Company Witness Cobern; and,
- Anticipated annual factored receivables equal to test year per book retail sales revenue.

Mr. Kollen's calculation of the Company's increase in expense related to the sale of receivables is not consistent with the method defined in Kentucky Power's Purchase Agreement with AEP Credit. His calculation does not address the fact that the Company will incur a cost on all receivables factored for the average days the receivables are outstanding. In addition, Mr. Kollen uses the test-year weighted average short-term debt interest rate as a proxy for the going-forward carrying cost rate, despite the Company's response to KPSC 2-11, which stated, "Historically, the cost rate for accounts receivable financing has been higher than short-term debt."

Correction would result in a $4.3 million increase in expense, approximately $2.6 million more than the $1.7 million increase recommended by Mr. Kollen.

Q. PLEASE DESCRIBE THE COMPANY'S ADJUSTMENT TO THE COST OF SERVICE TO INCLUDE A GOING-FORWARD LEVEL OF BAD DEBT COST RELATED TO RESUMING THE SALE OF RECEIVABLES (TABLE HMW-R3, ADJUSTMENT #4).

A. Fees related to bad debt resulting from the Company's sale of receivables arrangement with AEP Credit include collection experience and related administrative, or agency, component of factoring expense. In accordance with the Company's Purchase Agreement with AEP Credit, the collection experience component of factoring expense is generally calculated based upon the ratio of Kentucky Power's previous 12-months historical charge offs to receivables purchased. The agency fee component of accounts receivable collection experience expense provides AEP Credit with additional protection from excessive charge-offs[19]. The collection experience and agency fee components of factoring expense are calculated monthly in accordance with executed agreements and recorded to Account 4265010.

Consistent with the methodology in Kentucky Power's Purchase Agreement with AEP Credit, the Company calculated a going-forward level of the collection experience component of factoring expense of $2.559 million in Account 4265010 by multiplying test year per book retail sales revenue of $691.550 million per Section V,

[19] At the time receivables are purchased, 2% of the cash is withheld from Kentucky Power until collection. Upon collection of the receivables, AEP Credit returns 2% of collections back to Kentucky Power.

Schedule 4, Column (2), Line 1 by the test year uncollectible account rate of 0.370% per Section V, Workpaper S-2 Page 3.

Upon restarting the sale of receivables to AEP Credit, Kentucky Power will no longer have a provision for bad debts related to customer receivables directly established on its books, nor will it recognize related expense related to customer receivables in Account 9040000. As a result, the Company decreased Account 9040000 test year expense by $2.562 million, resulting in an adjusted balance of $0 in Account 9040000.

The net effect of the Company's adjustment to increase Account 4265010 by $2.559 million and decrease Account 9040000 by $2.562 million is a very slight decrease (less than $4 thousand) to the requested cost of service.

While the Company's comprehensive analysis did affirm Mr. Kollen's presumption that expense related to bad debt would not change as a result of resuming the sale of receivables[20], Mr. Kollen's proposal fails to align adjusted expense levels within the cost of service for Accounts 4265010 and Accounts 9040000 with the Company's Purchase Agreement with AEP Credit.

Q. PLEASE DESCRIBE THE COMPANY'S ADJUSTMENT FOR OTHER IMPACTS RELATED RESUMING THE SALE OF RECEIVABLES (TABLE HMW-R3, ADJUSTMENT #5).

A. The Company synchronized the impact of changes in CWC, factoring expense, income tax expense, and the weighted average cost of capital within all aspects of the revenue

[20] Kollen Direct at 26, Lines 4-6.

requirement calculation. September 28, 2023 Supplemental Response to KPSC 1_48, Attachment 1, specifically shows that this is composed of updates to adjustments W05 and W38 to reflect a change to the weighted average cost of capital (cells F9 and F12, respectively) and to reflect overall changes in FIT (cell F15) and SIT (cell F16) expense, including impacts to the interest expense synchronization adjustment. Detailed supporting calculations of these amounts were provided by the Company in the September 28, 2023 Supplemental Response to KPSC 1_48, Attachment 2 (Section V, as revised for resuming the sale of receivables), Attachment 3 (Section V, Exhibit 2, as revised), Attachment 4 (Section V, Exhibit 3, as revised), and Attachment 5 (workpaper to Section V, Exhibit 2, W26, as revised).

Q. WHAT IS YOUR RECOMMENDATION?

A. If the Commission determines an adjustment should be made to incorporate the customer benefit associated with resuming the sale of receivables, which occurred over five months after the conclusion of the historical test year in this case, the adjustment should be comprehensive in nature and based on going forward assumptions, as provided by the Company in KPSC 1-48, summarized in Table HMW-R3 above, and further explained and supported by my rebuttal testimony herein. Mr. Kollen's recommended adjustments should not be adopted because they are incomplete and based on misinformed or stale assumptions, which understate the Company's going-forward costs and would immediately erode the Company's opportunity to earn its allowed rate of return.

VI. TREATMENT OF MITCHELL COAL STOCK ADJUSTMENT IN CAPITAL STRUCTURE

Q. MR. KOLLEN ASSERTS THAT THE COMPANY'S ALLOCATION OF THE ADJUSTMENT TO REDUCE MITCHELL COAL STOCK INVENTORY TO A TARGET LEVEL, SOLELY TO SHORT-TERM DEBT, IS UNREASONABLE (PAGES 57-58). DO YOU AGREE?

A. No. It is reasonable to presume that variation of the Company's actual coal inventory balance from its target coal inventory balance is short-term in nature, given the Company manages its coal inventory to target levels over the long-term. The Company agrees that the target coal inventory level, unlike the variance, is long-term in nature and is financed based on the Company's overall capital structure.

VII. INCENTIVE COMPENSATION EXPENSE PROFORMA ADJUSTMENTS

Q. DOES THE COMPANY AGREE WITH THE MR. KOLLEN'S PROPOSED INCENTIVE COMPENSATION ADJUSTMENTS?

A. No. Company Witness Carlin addresses the merits of the Company's recommendation. I address the appropriate value should the Commission make a disallowance.

Q. ARE SPECIAL CONSIDERATIONS NECESSARY WHEN CALCULATING GOING LEVEL COST OF SERVICE ADJUSTMENTS FOR INCENTIVE COMPENSATION EXPENSE?

A. Yes. As I described in my direct testimony, adjustments should be limited to Kentucky Power's ownership share of costs and exclusive of amounts properly billed or allocated to Wheeling Power for its ownership share of Mitchel Plant. Kentucky Power owns an undivided 50% interest in the Mitchell Plant. Through August 2022, the Company was also the operator of the Mitchell Plant. In September 2022, Wheeling Power, an affiliated AEP subsidiary company and owner of the remaining 50% undivided interest in the Mitchell Plant, became operator of the Mitchell Plant, pursuant to the September 1, 2022 Written Consent Action of the Mitchell Operating Committee. The plant operator initially records 100% of all Mitchell Plant labor costs charged by employees. Then, the plant operator bills the other joint owner of the plant its share of Mitchell Plant labor costs, in accordance with the Mitchell Operating Agreement, including the September 1, 2022 Written Consent Action of the Mitchell Operating Committee.

Q. DO YOU AGREE WITH THE AMOUNT OF INCENTIVE COMPENSATION EXPENSE IDENTIFIED BY MR. KOLLEN IN HIS CALCULATED RECOMMENDATION FOR A DISALLOWANCE?

A. No. Mr. Kollen did not identify and remove AEPSC billed incentive compensation expenses, ultimately billed to Wheeling Power through August 2022, related to Wheeling Power's ownership share of Mitchell Plant. Exhibit HMW-R6 provides support for the approximately $0.4 million of AEPSC billed incentive compensation expense that was subsequently billed to Wheeling Power from April 2022 through August 2022, and therefore was ultimately excluded from the Company's requested level of O&M expense. If the Commission makes a disallowance, the disallowance amount recommended by Mr. Kollen should be reduced by the amount provided at Exhibit HMW-R6.

Q. ARE ANY OTHER CORRECTIONS TO THE CALCULATION OF MR. KOLLEN'S RECOMMENDED DISALLOWANCE?

A. Yes. As discussed by Company Witness Carlin, if the Commission were to accept Mr. Kollen's recommendation, a maximum of 30% of requested short-term incentive compensation ("STI") expense, or $1.378 million on a Kentucky jurisdictional basis, should be removed from the Company's cost of service. I have provided calculation support at Table HMW-R4 below.

Table HMW-R4			
Calculation Support - STI			
(in millions)			
Line No.	**Description**	**Amount**	**Reference**
1	STI Requested - KPCo	1.863	Section V, Exhibit 2, W27
2	STI Requested - AEPSC		
3	AEPSC Bill	3.043	KPCO_R_KIUC_AG_1_35_Attachment1
4	Less: Amount Billed to WPCo (Mitchell)	(0.271)	Exhibit HMW-R6
5	STI Requested - Total (Ln 1 + Ln 3 + Ln 4)	4.634	
6			
7	Corrected Percentage	30%	Rebuttal Testimony of Company Witness Carlin
8			
9	Corrected Amount - Total Company (Ln 5 x Ln 7)	1.390	
10			
11	OML	0.991	Section V, Exhibit 2, W27
12			
13	**Corrected Amount - KY Jurisdiction** (Ln 9 x Ln 11)	**1.378**	

VIII. CONCLUSION

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes, it does.

Exhibit HMW-R1
Rollforward of Prepaid Pension and OPEB Asset Balances and Computation of Related Annual Benefit
Kentucky Power Company
Total Company

Line No.	Accounting Period	Contribution[5]	(Cost)/Benefit	Ending Balance Prepaid Pension Account 1650010	Annualized Pension Cost Savings Rate[3]	Annualized Pension Cost Savings (Cost)/Benefit		Compounding Since 2020-00174 (Cost)/Benefit		Total (Cost)/Benefit	
		A	B	C = A + B	D	E = C * D		G = D * Post Jan 2021 Benefit		H = E + G	
1	As of February 28, 2017[1]			48,706,586							
2	March to December 2017	2,226,000	(2,231,495)	48,701,091	6.00%	2,922,065				2,922,065	K
3	January to December 2018	-	(1,959,777)	46,741,313	6.00%	2,804,479				2,804,479	K
4	January to December 2019	-	(1,241,208)	45,500,105	6.25%	2,843,757				2,843,757	K
5	January to December 2020	2,775,000	(2,483,086)	45,792,019	5.75%	2,633,041				2,633,041	K
6	January to December 2021	-	(3,247,088)	42,544,931	4.75%	2,020,884				2,020,884	K
7	January to December 2022[4]	-	(29,161,488)	13,383,444	5.25%	702,631		106,096		808,727	K
8	January to March 2023[2]	-	211,388	13,594,831	7.50%	1,019,612	F	212,221	I	1,231,833	J

Line No.	Accounting Period	Contribution[5]	(Cost)/Benefit	Ending Balance Prepaid OPEB Account 1650035	Annualized OPEB Cost Savings Rate[3]	Annualized OPEB Cost Savings Amount		Compounding Since 2020-00174 (Cost)/Benefit		Total (Cost)/Benefit	
15	As of February 28, 2017[1]			10,167,927							
16	March to December 2017	-	1,955,095	12,123,022	6.75%	818,304				818,304	K
17	January to December 2018	-	3,937,480	16,060,502	6.00%	963,630				963,630	K
18	January to December 2019	-	3,082,775	19,143,276	6.25%	1,196,455				1,196,455	K
19	January to December 2020	-	4,158,788	23,302,064	5.50%	1,281,614				1,281,614	K
20	January to December 2021	-	4,589,766	27,891,830	4.75%	1,324,862				1,324,862	K
21	January to December 2022[4]	-	(643,414)	27,248,416	5.50%	1,498,663		72,867		1,571,530	K
22	January to March 2023[2]	-	821,458	28,069,873	7.25%	2,035,066	F	209,988	I	2,245,054	J

Line No.	Annual Pension and OPEB Cost Savings Included in Cost of Service		
26	3,054,678	∑ of F	Current Annual Level
27	422,209	∑ of I	Compounding Since Case No. 2020-00174
28	3,476,887	∑ of J	**Total - Total Company**
29	0.991		KY Jurisdictional Factor - OML
30	**3,445,595**		**Total - KY Jurisdictional**

Line No.			
33	3,523,748	(∑K's + ∑J's) / 7	Average Annual Pension and OPEB Cost Savings for Years 2017-2023

36 [1] Prepaid Pension and OPEB balances as of February 28, 2017 were reflected in Total Capitalization authorized in Case No. 2017-00179. The Prepaid Pension balance as of February 28, 2017 was also included in Total Rate Base authorized in Case No. 2017-00179.

37 [2] Test year annualized cost savings were computed based on March 2023 prepaid pension and OPEB balances and the 2023 expected return on pension and OPEB plan assets.

38 [3] Represents the expected return on plan assets used by the Company's actuary in determining that year's cost, and disclosed in Kentucky Power Company's audited financial statements.

39 [4] The January to December 2022 (Cost)/Benefit includes $(28,200,776) Pension activity and $(5,432,298) OPEB activity related to transfer of costs to other AEP affiliates in connection with Wheeling Power Company becoming operator of the Mitchell Plant, pursuant to the September 1, 2022 Written Action Consent of the Mitchell Operating Company.

40 [5] For documentation supporting Kentucky Power Company's cash pension plan contributions since Case No. 2017-00179, please refer to Exhibit HMW-R4 (2017 contribution) and Exhibit HMW-R5 (2020 contribution).

Kentucky Power Company
KPSC Case No. 2023-00159
AG-KIUC's First Set of Data Requests
Dated August 14, 2023

DATA REQUEST

AG-KIUC 1_28 Refer to the Company's response to Staff 1-11, which provides a detailed reconciliation between rate base and capitalization. Confirm that the Company excluded the prepaid pension contra-asset (account 1650014) and the prepaid OPEB contra-asset (account 1650037) from the rate base amounts shown in the column entitled "Section V Exhibit 1 Schedule 4 Rate Base." Confirm and provide all evidence that the Company also excluded the related asset ADIT amounts from the rate base amounts in that same column. If it did not exclude the related asset ADIT amounts from the rate base amounts in that same column, confirm that the Company agrees that if the Commission allows the two prepaid assets in rate base with no offset for the two related contra-assets, then the asset ADIT related to the two contra-assets also should be excluded from rate base. If denied, then explain why the Commission should exclude the two contra-assets from rate base, which would reduce rate base if included, but should include the related asset ADIT amounts, which increase rate base if not excluded.

RESPONSE

Regarding ADIT, the Company excluded account 1650014 and account 1650037 related asset ADIT amounts from the rate base amounts. Support for this is provided in KPCO_R_AG_KIUC_1_28_Attachment1. ADIT associated with these accounts is recorded on line "ACCRUED OPEB COSTS – SFAS 158" and "ACCRUED BOOK PENSION EXPENSE – SFAS 158" and for the case shows a non-allocated factor.

Witness: Katharine I. Walsh

Witness: Heather M. Whitney

Witness: Linda M. Schlessman

KENTUCKY POWER COMPANY
ACCUMULATED DEFERRED FEDERAL INCOME TAXES
FOR THE TEST YEAR ENDED MARCH 31, 2023

			ALLOCATED TO KENTUCKY JURISDICTIONAL OPERATIONS							
DESCRIPTION	TOTAL COMPANY PER BOOKS	KENTUCKY ALLOCATION METHOD	FACTOR	PER BOOKS	ACCOUNTING ADJUSTMENTS	PER BOOKS ADJUSTED	GOING LEVEL ADJUSTMENTS	GOING LEVEL	PROFORMA ADJUSTMENTS	PROFORMA
ACCOUNT 1901001										
TAX CREDIT C/F - DEFERRED TAX ASSET	462,627	GP-Total	0.986000	456,150	-	456,150	-	456,150	-	456,150
CORPORATE ALTERNATIVE MINIMUM TAX ADJUSTMENT	780,997	GP-Total	0.986000	770,063	-	770,063	-	770,063	(770,063)	-
INT EXP CAPITALIZED FOR TAX	6,938,919	GP-Total	0.986000	6,841,774	-	6,841,774	-	6,841,774	-	6,841,774
CIAC - BOOK RECEIPTS	1,791,991	GP-Dist	0.999000	1,790,199	-	1,790,199	-	1,790,199	-	1,790,199
CUST ADV INC FOR TAX	21,028	GP-Dist	0.999000	21,007	-	21,007	-	21,007	-	21,007
DEFD FUEL EXP - CUR DEFL SET UP	0	GP-Total	0.986000	-	-	-	-	-	-	-
DEFD FUEL ADJ - ACCRD UTIL REVS	(0)	GP-Total	0.986000	-	-	-	-	-	-	-
DEFD FUEL ADJ - REG	0	GP-Total	0.986000	-	-	-	-	-	-	-
PROVISION FOR POSS REV REFD	355,673	Non-Allocated	0.000000	-	-	-	-	-	-	-
PROV FOR RATE REFUND-TAX REFORM	0	GP-Total	0.986000	-	-	-	-	-	-	-
PROV FOR RATE REFUND-EXCESS PROTECTED	0	GP-Total	0.986000	-	-	-	-	-	-	-
MTM BK LOSS - A/L - TAX DEFL	0	GP-Total	0.986000	-	-	-	-	-	-	-
MARK & SPREAD - DEFERRAL - 190 - A/L	(470,499)	EAF	0.986000	(463,912)	-	(463,912)	-	(463,912)	-	(463,912)
INSURANCE PREMIUMS ACCRUED	(51,674)	GP-Total	0.986000	(50,950)	-	(50,950)	-	(50,950)	-	(50,950)
PROV WORKER'S COMP	706,563	Non-Allocated	0.000000	-	-	-	-	-	-	-
ACCRUED BK PENSION EXPENSE	(2,703,684)	OML	0.991000	(2,679,351)	-	(2,679,351)	-	(2,679,351)	-	(2,679,351)
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN	40,053	Non-Allocated	0.000000	-	-	-	-	-	-	-
ACCRD SUP EXEC RETIRE PLAN COSTS - SFAS 158	(21,850)	Non-Allocated	0.000000	-	-	-	-	-	-	-
ACCRUED BOOK SUP. SAVINGS PLAN EXP	4,944	Non-Allocated	0.000000	-	-	-	-	-	-	-
EMPLOYER SAVINGS PLAN MATCH	(0)	GP-Total	0.986000	-	-	-	-	-	-	-
ACCRUED PSI PLAN EXPENSE	(1)	OML	0.991000	(1)	-	(1)	-	(1)	-	(1)
STOCK BASED COMP-CAREER SHARES	(196,049)	OML	0.991000	(194,284)	-	(194,284)	-	(194,284)	-	(194,284)
BK PROV UNCOLL ACCTS	147,940	Non-Allocated	0.000000	-	-	-	-	-	-	-
PROV TRADING CREDIT RISK-ABOVE-THE-LINE	(6,047)	EAF	0.986000	(5,962)	-	(5,962)	-	(5,962)	-	(5,962)
PROV - FAS 157 - A/L	0	GP-Total	0.986000	-	-	-	-	-	-	-
PRELIM SURVEY & INVEST RESERVE - BIG SANDY FGD	0	GP-Total	0.986000	-	-	-	-	-	-	-
DEFD COMPENSATION-BOOK EXPENSE	0	GP-Total	0.986000	-	-	-	-	-	-	-
ACCRD COMPANYWIDE INCENTIVE PLAN	156,640	Non-Allocated	0.000000	-	-	-	-	-	-	-
ACCRUED BOOK VACATION PAY	391,492	Non-Allocated	0.000000	-	-	-	-	-	-	-
BOOK LEASES DEFERRED	13,865	Non-Allocated	0.000000	-	-	-	-	-	-	-
INCENTIVE COMP DEFERRAL PLAN	12,372	Non-Allocated	0.000000	-	-	-	-	-	-	-
BK ACCRL- COOK CT RENT HOLIDAY	0	Non-Allocated	0.000000	-	-	-	-	-	-	-
ACCRUED BK SEVERANCE BENEFITS	(0)	OML	0.991000	-	-	-	-	-	-	-
ECONOMIC DEVELOPMENT FUND - CURRENT	62,343	Non-Allocated	0.000000	-	-	-	-	-	-	-
ECONOMIC DEVELOPMENT FUND - NON-CURRENT	0	GP-Total	0.986000	-	-	-	-	-	-	-
ACCRUED INTEREST EXP - STATE	(0)	OP-Rev	0.991000	-	-	-	-	-	-	-
ACCRUED INTEREST - LONG TERM - FIN 48	1	GP-Total	0.986000	1	-	1	-	1	-	1
ACCRUED INTEREST - SHORT TERM - FIN 48	0	GP-Total	0.986000	-	-	-	-	-	-	-
ACCRUED STATE INCOME TAX EXP	0	GP-Total	0.986000	-	-	-	-	-	-	-
PROV LOSS - CARRYING CHG - PURCHASED EMA	0	GP-Total	0.986000	-	-	-	-	-	-	-
FEDERAL MITIGATION PROGRAMS	51,249	Non-Allocated	0.000000	-	-	-	-	-	-	-
STATE MITIGATION PROGRAMS	0	SPECIFIC	1.000000	-	-	-	-	-	-	-
DEFD BK CONTRACT REVENUE	544	OP-Rev	0.991000	539	-	539	-	539	-	539
DEFERRED STORM DAMAGE	(0)	Non-Allocated	0.000000	-	-	-	-	-	-	-
DEFD REV - SAN ANGELO SETTLEMENT	(13,661)	Non-Allocated	0.000000	-	-	-	-	-	-	-
TAX > BOOK BASIS - EMA - ACCT 190	0	EAF	0.986000	-	-	-	-	-	-	-
DEFD TAX LOSS - INTERCO SALE - EMA	0	EAF	0.986000	-	-	-	-	-	-	-
DEFD BOOK GAIN - EPA AUCTION	0	EAF	0.986000	-	-	-	-	-	-	-
ADVANCE RENTAL INCOME	100,769	OP-Rev	0.991000	99,862	-	99,862	-	99,862	-	99,862
DEFD REVENUE - BONUS LEASE - SHORT-TERM	4,781	Non-Allocated	0.000000	-	-	-	-	-	-	-
DEFD REVENUE - BONUS LEASE - LONG-TERM	(0)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG LIAB - UNREALIZED M-T-M GAIN - DEFERRAL	(167,187)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET - CCS FEED STUDY - RESERVE	(0)	GP-Total	0.986000	-	-	-	-	-	-	-
TAX DEFL/AMORT - 3 YR FAC AGREEMENT FEE	0	GP-Total	0.986000	-	-	-	-	-	-	-
CAPITALIZED SOFTWARE COSTS - TAX	(10,102)	GP-Total	0.986000	(9,961)	-	(9,961)	-	(9,961)	-	(9,961)
BOOK DEFL - GAIN REACQUIRED DEBT	0	GP-Total	0.986000	-	-	-	-	-	-	-
ACCRUED SFAS 106 - POST RETIRE BENEFIT	(4,365,784)	OML	0.991000	(4,326,492)	-	(4,326,492)	-	(4,326,492)	-	(4,326,492)
SFAS 106 PST RETIRE BENEFIT - NON-DEDUCT CONTRIBUTION	145,148	GP-Total	0.986000	143,116	-	143,116	-	143,116	-	143,116

KENTUCKY POWER COMPANY
ACCUMULATED DEFERRED FEDERAL INCOME TAXES
FOR THE TEST YEAR ENDED MARCH 31, 2023

				ALLOCATED TO KENTUCKY JURISDICTIONAL OPERATIONS						
DESCRIPTION	TOTAL COMPANY PER BOOKS	KENTUCKY ALLOCATION METHOD	FACTOR	PER BOOKS	ACCOUNTING ADJUSTMENTS	PER BOOKS ADJUSTED	GOING LEVEL ADJUSTMENTS	GOING LEVEL	PROFORMA ADJUSTMENTS	PROFORMA
ACCRUED OPEB COSTS - SFAS 158	1,134,196	Non-Allocated	0.000000	-	-	-	-	-	-	-
ACCRUED SFAS 112 - POST EMPLOY BENEFIT	686,463	Non-Allocated	0.000000	-	-	-	-	-	-	-
ACCRUED BOOK ARO EXPENSE - SFAS 143	3,904,743	Non-Allocated	0.000000	-	-	-	-	-	-	-
SFAS 106 - MEDICARE SUBSIDY - NORM (PPACA)	(348,244)	OML	0.991000	(345,110)	-	(345,110)	-	(345,110)	-	(345,110)
BOOK OPERATING LEASE - ASSET	(60,874)	Non-Allocated	0.000000	-	-	-	-	-	-	-
GROSS RECEIPTS - TAX EXPENSE	0	GP-Total	0.986000	-	-	-	-	-	-	-
DSIT - FIN 48	0	GP-Total	0.986000	-	-	-	-	-	-	-
DFIT-DSIT - WV POLLUTION CONTROL	424,506	GP-Total	0.986000	418,563	-	418,563	-	418,563	-	418,563
DFIT-DSIT - MITCHELL PLANT TRANSFER	0	GP-Total	0.986000	-	-	-	-	-	-	-
ACCRUED SIT TAX RESERVE	0	GP-Total	0.986000	-	-	-	-	-	-	-
ACCRUED SALES AND USE TAX RESERVE	2,583	GP-Total	0.986000	2,547	-	2,547	-	2,547	-	2,547
ACCRUED SIT TAX RESERVE - LONG TERM - FIN 48	1	GP-Total	0.986000	1	-	1	-	1	-	1
ACCRUED SIT TAX RESERVE - SHORT TERM - FIN 48	0	GP-Total	0.986000	-	-	-	-	-	-	-
IRS AUDIT SETTLEMENT	(0)	GP-Total	0.986000	-	-	-	-	-	-	-
IRS CAPITALIZATION ADJUSTMENT	57,436	GP-Total	0.986000	56,632	-	56,632	-	56,632	-	56,632
AMT CREDIT - DEFERRED	0	GP-Total	0.986000	-	-	-	-	-	-	-
RESTRICTED STOCK PLAN	16,106	GP-Total	0.986000	15,881	-	15,881	-	15,881	-	15,881
PSI - STOCK BASED COMP	319,222	GP-Total	0.986000	314,753	-	314,753	-	314,753	-	314,753
PROVISION TO GENERAL LEDGER ADJUSTMENT	908,116	GP-Total	0.986000	895,403	-	895,403	-	895,403	-	895,403
NOLC	-	GP-Total	0.985000	-	-	-	-	-	41,506,654	41,506,654
TOTAL ACCOUNT 1901001	11,227,656			3,750,468	-	3,750,468	-	3,750,468	40,736,591	44,487,059

KENTUCKY POWER COMPANY
ACCUMULATED DEFERRED FEDERAL INCOME TAXES
FOR THE TEST YEAR ENDED MARCH 31, 2023

			ALLOCATED TO KENTUCKY JURISDICTIONAL OPERATIONS							
DESCRIPTION	TOTAL COMPANY PER BOOKS	KENTUCKY ALLOCATION METHOD	FACTOR	PER BOOKS	ACCOUNTING ADJUSTMENTS	PER BOOKS ADJUSTED	GOING LEVEL ADJUSTMENTS	GOING LEVEL	PROFORMA ADJUSTMENTS	PROFORMA
ACCOUNT 2811001										
TX AMORT POLLUTION CONT EQPT	(26,454,447)	GP-PTD	0.986000	(26,084,085)	-	(26,084,085)	-	(26,084,085)	-	(26,084,085)
PROVISION TO GENERAL LEDGER ADJUSTMENT	(164,753)	GP-Total	0.986000	(162,446)	-	(162,446)	-	(162,446)	-	(162,446)
EXCESS ADFIT 281 - PROTECTED-FERC	(222,731)	Non-Allocated	0.000000	-	-	-	-	-	-	-
EXCESS ADFIT 281 - PROTECTED-KY.	(16,153,056)	Direct	1.000000	(16,153,056)	-	(16,153,056)	-	(16,153,056)	-	(16,153,056)
TOTAL ACCOUNT 2811001	(42,994,987)			(42,399,587)	-	(42,399,587)	-	(42,399,587)	-	(42,399,587)
	(42,994,987)									
ACCOUNT 2821001										
EXCESS FIT % RATE CHANGE	169	GP-Total	0.986000	166	-	166	-	166	-	166
EXCESS DIT - EXCESS FIT % RATE CHANGE	0	GP-Total	0.986000	-	-	-	-	-	-	-
EX L/T DFIT TX RESERVE - 1986 TRA	0	GP-Total	0.986000	-	-	-	-	-	-	-
LIBERALIZED DEPR-ELIG DFL	(31,667)	GP-Total	0.986000	(31,223)	-	(31,223)	-	(31,223)	-	(31,223)
CLS LIFE DEPR (ADR) ELIG DEF	8,015	GP-Total	0.986000	7,903	-	7,903	-	7,903	-	7,903
ACRS BENEFIT NORMALIZED	(110,740,127)	GP-Total	0.986000	(109,189,766)	-	(109,189,766)	-	(109,189,766)	40,177,111	(69,012,655)
481 a BONUS DEPRECIATION	(0)	GP-Total	0.986000	-	-	-	-	-	-	-
SEC 481 LEAD/LAG TAX DEPRECIATION	(322,022)	GP-Total	0.986000	(317,514)	-	(317,514)	-	(317,514)	-	(317,514)
CAPITALIZED INTEREST - SECTION 481(a) Change in Method	(133)	GP-Total	0.986000	(131)	-	(131)	-	(131)	-	(131)
RELOCATION COSTS - SECTION 481(a) Change in Method	703	GP-Total	0.986000	693	-	693	-	693	-	693
PJM INTEGRATION - SEC 481(A) INTANG - DFD LABOR	18,793	GP-Trans	0.985000	18,511	-	18,511	-	18,511	-	18,511
R & D DEDUCTION - SECTION 174	(659,477)	GP-PTD	0.985000	(649,585)	-	(649,585)	-	(649,585)	-	(649,585)
ACRS NORM - HRJ	(2,848,869)	GP-Trans	0.985000	(2,806,136)	-	(2,806,136)	-	(2,806,136)	-	(2,806,136)
BOOK PLANT IN SERVICE - SFAS 143 - ARO	(1,375,101)	GP-PTD	0.985000	(1,354,474)	-	(1,354,474)	-	(1,354,474)	-	(1,354,474)
BK PLANT IN SERVICE - SFAS 143 - ARO 481A	(6,863,602)	GP-PTD	0.985000	(6,760,648)	-	(6,760,648)	-	(6,760,648)	-	(6,760,648)
TAX DEPRECIATION LOOKBACK	0	GP-Total	0.986000	-	-	-	-	-	-	-
NORMALIZED BASIS DIFFS - TRANSFERRED PLANT	(1,998,098)	GP-PTD	0.985000	(1,968,126)	-	(1,968,126)	-	(1,968,126)	-	(1,968,126)
DEFD FIT BENEFIT - PROP RETIREMENTS	0	GP-Total	0.986000	-	-	-	-	-	-	-
DEFD FIT BENEFIT - PROP RETIRE - BK/TX UNIT PROP	0	GP-Total	0.986000	-	-	-	-	-	-	-
GAIN/LOSS ON ACRS/MACRS PROPERTY	(19,915,770)	GP-Total	0.986000	(19,636,949)	-	(19,636,949)	-	(19,636,949)	-	(19,636,949)
GAIN/LOSS-ACRS/MACRS-BK/TX UNIT PROP	805,022	GP-PTD	0.985000	792,947	-	792,947	-	792,947	-	792,947
ABFUDC	(3,877,008)	Non-Allocated	0.000000	-	-	-	-	-	-	-
ABFUDC - HRJ - POST-IN-SERVICE	(53,244)	GP-Trans	0.985000	(52,446)	-	(52,446)	-	(52,446)	-	(52,446)
ABFUDC - HRJ	(0)	GP-Total	0.986000	-	-	-	-	-	-	-
TAXES CAPITALIZED	0	GP-Total	0.986000	-	-	-	-	-	-	-
PENSIONS CAPITALIZED	0	GP-Total	0.986000	-	-	-	-	-	-	-
SEC 481 PENS/OPEB ADJUST	28	OML	0.991000	28	-	28	-	28	-	28
SAV PLAN CAPITALIZED	0	GP-Total	0.986000	-	-	-	-	-	-	-
PERCENT REPAIR ALLOWANCE	(405,515)	GP-Total	0.986000	(399,838)	-	(399,838)	-	(399,838)	-	(399,838)
BOOK/TAX UNIT OF PROPERTY ADJ	(53,465,571)	GP-PTD	0.985000	(52,663,588)	-	(52,663,588)	-	(52,663,588)	-	(52,663,588)
BOOK/TAX UNIT OF PROPERTY ADJ - SEC 481 ADJ	(39,104,749)	GP-PTD	0.985000	(38,518,178)	-	(38,518,178)	-	(38,518,178)	-	(38,518,178)
TX ACCEL AMORT - CAPITALIZED SOFTWARE	(509,942)	GP-Total	0.986000	(502,803)	-	(502,803)	-	(502,803)	-	(502,803)
CAPITALIZED RELOCATION COSTS	(749,707)	GP-Total	0.986000	(739,211)	-	(739,211)	-	(739,211)	-	(739,211)
BOOK OPERATING LEASE - LIAB	56,312	GP-Total	0.986000	55,524	-	55,524	-	55,524	-	55,524
EXTRAORDINARY LOSS ON DISPOSAL OF PROPERTY	0	GP-Total	0.986000	-	-	-	-	-	-	-
CAPITALIZED LEASES - A/C 1011 ASSETS	0	GP-Total	0.986000	-	-	-	-	-	-	-
REMOVAL COSTS - NORMALIZED	(2,280,899)	GP-Total	0.986000	(2,248,966)	-	(2,248,966)	-	(2,248,966)	-	(2,248,966)
IRS AUDIT ADJUSTMENTS - PROPERTY RELATED	0	GP-Total	0.986000	-	-	-	-	-	-	-
EXCESS ADFIT 282 - PROTECTED	0	Non-Allocated	0.000000	-	-	-	-	-	-	-
EXCESS ADFIT 282 - PROTECTED-FERC.	(25,963,718)	Non-Allocated	0.000000	-	-	-	-	-	-	-
EXCESS ADFIT 282 - PROTECTED-KY.	(45,763,732)	Direct	1.000000	(45,763,732)	-	(45,763,732)	-	(45,763,732)	10,300,444	(35,463,288)
EXCESS ADFIT 282 - UNPROTECTED	0	Non-Allocated	0.000000	-	-	-	-	-	-	-
EXCESS ADFIT 282 - UNPROTECTED-FERC.	(5,177,318)	Non-Allocated	0.000000	-	-	-	-	-	-	-
EXCESS ADFIT 282 - UNPROTECTED-KY.	(10,596,183)	Direct	1.000000	(10,596,183)	-	(10,596,183)	-	(10,596,183)	10,596,183	-
PROVISION TO GENERAL LEDGER ADJUSTMENT	(1,131,676)	GP-Total	0.986000	(1,115,833)	-	(1,115,833)	-	(1,115,833)	-	(1,115,833)
TOTAL ACCOUNT 2821001	(332,945,085)			(294,439,558)	-	(294,439,558)	-	(294,439,558)	61,073,739	(233,365,819)

KENTUCKY POWER COMPANY
ACCUMULATED DEFERRED FEDERAL INCOME TAXES
FOR THE TEST YEAR ENDED MARCH 31, 2023

DESCRIPTION	TOTAL COMPANY PER BOOKS	KENTUCKY ALLOCATION METHOD	FACTOR	ALLOCATED TO KENTUCKY JURISDICTIONAL OPERATIONS PER BOOKS	ACCOUNTING ADJUSTMENTS	PER BOOKS ADJUSTED	GOING LEVEL ADJUSTMENTS	GOING LEVEL	PROFORMA ADJUSTMENTS	PROFORMA
ACCOUNT 2831001										
NOL-STATE C/F-DEF TAX ASSET-L/T - IL	3,638	GP-Total	0.986000	3,587	-	3,587	-	3,587	-	3,587
NOL-STATE C/F-DEF TAX ASSET-L/T - KY	(3,105,826)	GP-Total	0.986000	(3,062,345)	-	(3,062,345)	-	(3,062,345)	-	(3,062,345)
NOL-STATE C/F-DEF TAX ASSET-L/T - MI	(283)	GP-Total	0.986000	(279)	-	(279)	-	(279)	-	(279)
UNRECOVERED FUEL COST	(1,147,887)	Non-Allocated	0.000000	-	-	-	-	-	-	-
PROPERTY TAX - OLD METHOD - TAX	(535,260)	NP	0.987000	(528,302)	-	(528,302)	-	(528,302)	-	(528,302)
M-T-M BOOK GAIN - ABOVE-THE-LINE - TAX DEFL	370,026	EAF	0.986000	364,846	-	364,846	-	364,846	-	364,846
MARK & SPREAD - DEFERRAL - 283 A/L	(241,402)	EAF	0.986000	(238,023)	-	(238,023)	-	(238,023)	-	(238,023)
ACCRUED BOOK PENSION EXPENSE	0	GP-Total	0.986000	-	-	-	-	-	-	-
ACCRUED BOOK PENSION EXPENSE - SFAS 158	5,085,108	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET - DEFERRED RTO COSTS	(0)	GP-Trans	0.985000	-	-	-	-	-	-	-
DEFD EXPS (A/C 186)	(0)	GP-Total	0.986000	-	-	-	-	-	-	-
DEFD BK CONTRACT REVENUE	0	OP-Rev	0.991000	-	-	-	-	-	-	-
RATE CASE DEFD CHGS	(29,912)	Non-Allocated	0.000000	-	-	-	-	-	-	-
BOOK DEFL - DEMAND SIDE MNGMT	(86,833)	Non-Allocated	0.000000	-	-	-	-	-	-	-
RATE CASE DEFERRED CHARGES	0	GP-Total	0.986000	-	-	-	-	-	-	-
DEFD BK CONTRACT REVENUE	0	GP-Total	0.986000	-	-	-	-	-	-	-
BOOK > TAX BASIS - EMISSION ALLOW - A/C 283	(1,782,671)	EAF	0.986000	(1,757,713)	-	(1,757,713)	-	(1,757,713)	-	(1,757,713)
DEFD BOOK LOSS - NON-AFFILIATE SALE - EMA	(0)	EAF	0.986000	-	-	-	-	-	-	-
DEFD TAX GAIN - INTERCO SALE - EMA	0	EAF	0.986000	-	-	-	-	-	-	-
DEFD TAX GAIN - EPA AUCTION	0	EAF	0.986000	-	-	-	-	-	-	-
DEFD BOOK GAIN - EPA AUCTION	(0)	GP-Total	0.986000	-	-	-	-	-	-	-
REG ASSET - SFAS 143 - ARO	0	GP-Total	0.986000	-	-	-	-	-	-	-
REG ASSET - SFAS 158 - PENSIONS	(3,047,836)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET - SFAS 158 - SERP	21,850	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET - SFAS 158 - OPEB	(1,484,757)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-OSS MARGIN SHARING	1,728	GP-Total	0.986000	1,703	-	1,703	-	1,703	-	1,703
REG ASSET - NET CCS FEED STUDY	(126,477)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET - ATR UNDER RECOVERY	0	GP-Total	0.986000	-	-	-	-	-	-	-
REG ASSET - REMOVAL CST - BIG SANDY	0	GP-Total	0.986000	-	-	-	-	-	-	-
REG ASSET - SPENT ARO - BIG SANDY	0	GP-Total	0.986000	-	-	-	-	-	-	-
REG ASSET - NBV - ARO - RETIRED PLANTS	0	GP-Total	0.986000	-	-	-	-	-	-	-
REG ASSET-IGCC PRE-CONSTRUCTION COSTS	(192,899)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-ENERGY EFFICIENCY RECOVERY	86,833	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-BIG SANDY U1 OR-UNDER RECOV	110,620	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-BIG SANDY RETIRE COSTS RECOV	11,564,974	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-BIG SANDY RETIRE RIDER U2 O&M	(195,754)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-UND RECOV-PURCH PWR PPA	0	GP-Total	0.986000	-	-	-	-	-	-	-
REG ASSET-UND RECOV-ENVIRONMENTAL	(347,820)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-DEFD DEPREC-ENVIRONMENTAL	0	GP-Total	0.986000	-	-	-	-	-	-	-
REG ASSET-CAR CHGS-ENVIRON COSTS	0	GP-Total	0.986000	-	-	-	-	-	-	-
REG ASSET-CAR CHGS-ENVIRON UNREC EQUITY	0	GP-Total	0.986000	-	-	-	-	-	-	-
REG ASSET-DEFD O&M-ENVIRONMENTAL CSTS	0	GP-Total	0.986000	-	-	-	-	-	-	-
REG ASSET-DEFD CONSUM EXP-ENVIRON CSTS	0	GP-Total	0.986000	-	-	-	-	-	-	-
REG ASSET-DEFD PROP TAX EXP-ENVIRON CSTS	0	GP-Total	0.986000	-	-	-	-	-	-	-
REG ASSET-BIG SANDY U1 OR-UNREC EQUITY CC	367,349	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-BIG SANDY U1 OR-UNDER RECOV CC	(461,452)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-NERC COMPL/CYBER CC-UNREC EQ	57,168	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-NERC COMPL/CYBER SEC-CAR CST	(116,074)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-NERC COMPL/CYBER SEC-DEF DEPR	(389,171)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-CAPACITY CHARGE TARIFF REV	0	GP-Total	0.986000	-	-	-	-	-	-	-
REG ASSET-DEFD DEPR-BIG SANDY U1 GAS	(54,526)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-DEFD PROP TAX-BIG SANDY U1 GAS	(18,870)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-UNRECOVERED PLANT - BIG SANDY	0	GP-Total	0.986000	-	-	-	-	-	-	-
REG ASSET-ROCKPORT CAPACITY DEF-EQ CC	867,718	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-ROCKPORT CAPACITY CC DEFERRAL	(1,776,071)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-ROCKPORT CAPACITY DEFERRAL	(9,729,968)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-KENTUCKY UNDER RECOV-PPA RIDER	(9,486,863)	Non-Allocated	0.000000	-	-	-	-	-	-	-

KENTUCKY POWER COMPANY
ACCUMULATED DEFERRED FEDERAL INCOME TAXES
FOR THE TEST YEAR ENDED MARCH 31, 2023

				ALLOCATED TO KENTUCKY JURISDICTIONAL OPERATIONS						
DESCRIPTION	TOTAL COMPANY PER BOOKS	KENTUCKY ALLOCATION METHOD	FACTOR	PER BOOKS	ACCOUNTING ADJUSTMENTS	PER BOOKS ADJUSTED	GOING LEVEL ADJUSTMENTS	GOING LEVEL	PROFORMA ADJUSTMENTS	PROFORMA
REG ASSET-FERC Formula Rates Under Recvr	(171,225)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-GreenHat Settlement	(16,674)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-Greenhat Liability	0	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-KYPCo Steam Maintenance Under-Recovery	(38,253)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-2020 KY Storm Deferral	(2,207,067)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-KY Storms	(9,659,161)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-KY ELG Deferral	(164,596)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-2022 KY Major Storm Deferral	(3,660,284)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-REMOVAL COSTS-AMORT-BIG SANDY	5,259,940	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-SPENT ARO-BIG SANDY	(23,103,800)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-UNRECOVERED PLANT-BIG SANDY	(53,866,903)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-NBV-ARO-RETIRED PLANTS	(1,119,551)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-M&S RETIRING PLANTS	(633,315)	Non-Allocated	0.000000	-	-	-	-	-	-	-
REG ASSET-DEFD PLANT MAINTENANCE	0	GP-Total	0.986000	-	-	-	-	-	-	-
NOL - STATE TAX C/F - DEFD TAX ASSET	0	GP-Total	0.986000	-	-	-	-	-	-	-
BOOK LEASES CAPITALIZED FOR TAX	470,532	GP-Total	0.986000	463,945	-	463,945	-	463,945	-	463,945
CAPITALIZED SOFTWARE COST - BOOK	(6,425,177)	GP-Total	0.986000	(6,335,225)	-	(6,335,225)	-	(6,335,225)	-	(6,335,225)
CAPITALIZED SOFTWARE COST-BOOKS	2,864,223	GP-Total	0.986000	2,824,124	-	2,824,124	-	2,824,124	-	2,824,124
LOSS ON REACQUIRED DEBT	(68,311)	Non-Allocated	0.000000	-	-	-	-	-	-	-
SFAS 106 - MEDICARE SUBSIDY - (PPACA) - REG ASSET	(79,608)	Non-Allocated	0.000000	-	-	-	-	-	-	-
BK DEFL - MERGER COSTS	(0)	GP-Total	0.986000	-	-	-	-	-	-	-
DEFERRED SFAS 106 BOOK COSTS	0	GP-Total	0.986000	-	-	-	-	-	-	-
REG ASSET - ACCRUED SFAS 112	(686,463)	Non-Allocated	0.000000	-	-	-	-	-	-	-
EXCESS ADFIT 283 - UNPROTECTED.	0	Non-Allocated	0.000000	-	-	-	-	-	-	-
EXCESS ADFIT 283 - UNPROTECTED-FERC.	1,657,968	Non-Allocated	0.000000	-	-	-	-	-	-	-
EXCESS ADFIT 283 - UNPROTECTED-KY.	(9,077,694)	Direct	1.000000	(9,077,694)	-	(9,077,694)	-	(9,077,694)	9,077,694	-
PROVISION TO GENERAL LEDGER ADJUSTMENT	195,856	GP-Total	0.986000	193,114	-	193,114	-	193,114	-	193,114
TOTAL ACCOUNT 2831001	(116,351,166)			(14,089,225)	-	(14,089,225)	-	(14,089,225)	9,077,694	(5,011,531)
ACCOUNT 1901002										
NOL-STATE C/F-DEF TAX ASSET-L/T - IL	(17,323)	GP-Total	0.986000	(17,080)	-	(17,080)	-	(17,080)	-	(17,080)
NOL-STATE C/F-DEF TAX ASSET-L/T - KY	14,789,648	GP-Total	0.986000	14,582,593	-	14,582,593	-	14,582,593	-	14,582,593
NOL-STATE C/F-DEF TAX ASSET-L/T - MI	1,346	GP-Total	0.986000	1,327	-	1,327	-	1,327	-	1,327
TOTAL ACCOUNT 2831002	14,773,672			14,583,920	-	14,583,920	-	14,583,920	-	14,583,920
ACCOUNT 2831002										
DEFD SIT - TRANSFERRED MITCHELL PLANT	-	GP-Total	0.986000	-	-	-	-	-	-	-
TOTAL ACCOUNT 2831002	-			-	-	-	-	-	-	-
ACCOUNT 2831102										
DEFD SIT - WVA POLLUTION CONTROL	(2,021,456)	GP-Total	0.986000	(1,993,156)	-	(1,993,156)	-	(1,993,156)	-	(1,993,156)
PROVISION TO GENERAL LEDGER ADJUSTMENT	(37,726)	GP-Total	0.986000	(37,198)	-	(37,198)	-	(37,198)	-	(37,198)
TOTAL ACCOUNT 2831102	(2,059,182)			(2,030,354)	-	(2,030,354)	-	(2,030,354)	-	(2,030,354)
TOTAL ACCUM DEFERRED INCOME TAX	(468,349,094)			(349,208,256)	-	(349,208,256)	-	(349,208,256)	110,888,023	(238,320,233)
RATE BASE REDUCTION	468,349,094			349,208,256	-	349,208,256	-	349,208,256	(110,888,023)	238,320,233

JURISDICTIONAL ALLOCATION METHOD:		**SHORT NAME**	**FACTOR**
Production Demand	AFUDC - Demand	PDAF	0.985000
Transmission Demand	AFUDC - General	TDAF	0.985000
Energy	AFUDC - Distribution	EAF	0.986000

KENTUCKY POWER COMPANY
ACCUMULATED DEFERRED FEDERAL INCOME TAXES
FOR THE TEST YEAR ENDED MARCH 31, 2023

				ALLOCATED TO KENTUCKY JURISDICTIONAL OPERATIONS						
DESCRIPTION	TOTAL COMPANY PER BOOKS	KENTUCKY ALLOCATION METHOD	FACTOR	PER BOOKS	ACCOUNTING ADJUSTMENTS	PER BOOKS ADJUSTED	GOING LEVEL ADJUSTMENTS	GOING LEVEL	PROFORMA ADJUSTMENTS	PROFORMA
Gross Plant - Transmission	Below-The-Line	GP-Trans	0.985000							
Gross Plant - Distribution	Customers	GP-Dist	0.999000							
Gross Plant - T&D	Demand	GP-T&D	0.993000							
Gross Plant - PTD	Demand	GP-PTD	0.986000							
Gross Plant - Total	Depreciation	GP-Total	0.986000							
Net Plant	DIRECT	NP	0.987000							
O&M Expense	Distribution Plant	O&M	0.989000							
O&M Expense - Labor	Energy	OML	0.991000							
Operating Revenues	General Plant	OP-Rev	0.991000							
Operating Revenues - Other	Gross Plant	OP-Rev-o	0.000000							
Non-Allocated	Transmission Plant	Non-Allocated	0.000000							
Non-Utility	Demand Non-VA	Non-Utility	0.000000							
Specific	Direct	Direct	1.000000							

AMERICAN ELECTRIC POWER COMPANY INC.
JUNE 2017 CONTRIBUTION TO PENSION TRUST FUND

Unit	Voucher	Vendor	Name	Gross Invoice Amt	Invoice	Invoice Date	GL Unit	Account	Dept	Amount	Journal ID	Account Description
100	00031788	0000234138	BANK OF NEW YORK MELLON	94,327,000.00	JUNE2017PENSIONPYMT	2017-06-22	100	1840002	99990	94,327,000.00	APACC01561	Accounts Pay Adj - Clearing
100	00031788	0000234138	BANK OF NEW YORK MELLON	94,327,000.00	JUNE2017PENSIONPYMT	2017-06-22	100	2320001	99990	-94,327,000.00	APACC01561	Accounts Payable - Regular
100	00031788	0000234138	BANK OF NEW YORK MELLON	94,327,000.00	JUNE2017PENSIONPYMT	2017-06-22	100	2320001	99990	95,379,143.76	APPAY01623	Accounts Payable - Regular
100	00031788	0000234138	BANK OF NEW YORK MELLON	94,327,000.00	JUNE2017PENSIONPYMT	2017-06-22	100	2420511	99990	-1,052,143.76	APPAY01623	Control Cash Disburse Account
100	**00031788**	**0000234138**	**BANK OF NEW YORK MELLON**	**94,327,000.00**	**JUNE2017PENSIONPYMT**	**2017-06-22**	**100**	**1310000**	**99990**	**-94,327,000.00**	**APPAY01623**	**Cash**

Summary | Related Documents | Invoice Information | Payments | Voucher Attributes | History | Error Summary

Business Unit: 100
Voucher ID: 00031788
Voucher Style: Regular
Vendor ID: 0000234138

Invoice Number: JUNE2017PENSIONPYMT
Invoice Date: 06/22/2017

Payment Details Personalize | Find | View All | First 1 of 1 Last

	Payment Status	Scheduled to Pay	Payment Reference	Remit SetID	Remit Vendor	Remitting Address	Payment Method	Gross Payment Amount	Paid Amount	Payment Currency
	Paid	06/22/2017	1000004615	AEP	0000234138	5	EFT	94327000.00	94327000.00	USD

KENTUCKY POWER COMPANY
ALLOCATION OF JUNE 2017 AEP CONTRIBUTION TO PENSION TRUST TO KENTUCKY POWER COMPANY

	A/R Assoc Co - InterUnit G/L	Prepaid Pension Benefits	Accounts Pay Adj - Clearing	A/P Assoc Co - InterUnit G/L		
Sum of Amount	Account					
Unit	**1460001**	**1650010**	**1840002**	**2340001**		
100	94,327,000		(94,327,000)			American Electric Power Co.
110		1,396,000		(1,396,000)	**1,396,000**	**Kentucky Power Company Distribution Functioi**
117		826,000		(826,000)	**826,000**	**Kentucky Power Company Generation Function**
180		4,000		(4,000)	**4,000**	**Kentucky Power Company Transmission Functi**
Grand Total	94,327,000	2,226,000	(94,327,000)	(2,226,000)	**2,226,000**	**Total Kentucky Power Company 2017 Pension F**

AEP Subsidiary companies reimburse Parent company through the AEP Money Pool.

KENTUCKY POWER COMPANY
JOURNAL ENTRIES TO ALLOCATE JUNE 2017 AEP CONTRIBUTIONS TO PENSION TRUST TO KPCO BUSINESS UNITS

Year	Unit	Descr	Account	Line Descr	Amount	Journal ID	Date	Affiliate	Long Descr
2,017	100	American Electric Power Co.	1460001	A/R Assoc Co - InterUnit G/L	1,396,000.00	PENCONTRB	2017-06-22	110	To allocate the 2017 pension contribution to the appropriate business units.
2,017	100	American Electric Power Co.	1460001	A/R Assoc Co - InterUnit G/L	826,000.00	PENCONTRB	2017-06-22	117	To allocate the 2017 pension contribution to the appropriate business units.
2,017	100	American Electric Power Co.	1460001	A/R Assoc Co - InterUnit G/L	4,000.00	PENCONTRB	2017-06-22	180	To allocate the 2017 pension contribution to the appropriate business units.

AMERICAN ELECTRIC POWER COMPANY INC.
SEPTEMBER 2020 CONTRIBUTION TO PENSION TRUST FUND

Unit	Voucher	Vendor	Name	Gross Invoice Amt	Invoice	Invoice Date	GL Unit	Account	Dept	Amount	Journal ID	Account Description
100	00034643	0000234138	BANK OF NEW YORK MELLON	111,538,000.00	SEPT2020PENSIONPYMT	2020-09-24	100	1840002	99990	111,538,000.00	APACC57705	Accounts Pay Adj - Clearing
100	00034643	0000234138	BANK OF NEW YORK MELLON	111,538,000.00	SEPT2020PENSIONPYMT	2020-09-24	100	2320001	99990	-111,538,000.00	APACC57705	Accounts Payable - Regular
100	**00034643**	**0000234138**	**BANK OF NEW YORK MELLON**	**111,538,000.00**	**SEPT2020PENSIONPYMT**	**2020-09-24**	**100**	**1310000**	**99990**	**-111,538,000.00**	**APPAY58514**	**Cash**
100	00034643	0000234138	BANK OF NEW YORK MELLON	111,538,000.00	SEPT2020PENSIONPYMT	2020-09-24	100	2320001	99990	111,538,000.00	APPAY58514	Accounts Payable - Regular

Summary | Related Documents | Invoice Information | Payments | Voucher Attributes | History | Error Summary

Business Unit: 100
Voucher ID: 00034643
Voucher Style: Regular
Vendor ID: 0000234138

Invoice Number: SEPT2020PENSIONPYMT
Invoice Date: 09/24/2020

Payment Details Personalize | Find | View All | First 1 of 1 Last

Payment Status	Scheduled to Pay	Payment Reference	Remit SetID	Remit Vendor	Remitting Address	Payment Method	Gross Payment Amount	Paid Amount	Payment Currency
$\boxed{\text{Paid}}$	09/24/2020	1000005206	AEP	0000234138	5	EFT	111538000.00	111538000.00	USD

KENTUCKY POWER COMPANY
ALLOCATION OF SEPTEMBER 2020 AEP CONTRIBUTION TO PENSION TRUST TO KENTUCKY POWER COMPANY

	A/R Assoc Co - InterUnit G/L	Prepaid Pension Benefits	Accounts Pay Adj - Clearing	A/P Assoc Co - InterUnit G/L
Sum of Amount	**Column Labels**			
Row Labels	**1460001**	**1650010**	**1840002**	**2340001**
100	$ 111,538,000		$ (111,538,000)	
110		$ 2,597,000		$ (2,597,000)
180		$ 178,000		$ (178,000)
Grand Total	**$ 111,538,000**	**$ 2,775,000**	**$ (111,538,000)**	**$ (2,775,000)**

	American Electric Power Co.
$ 2,597,000	**Kentucky Power Company Distribution Function**
$ 178,000	**Kentucky Power Company Transmission Function**
$ 2,775,000	**Total Kentucky Power Company 2020 Pension Plan Contribution[1]**

AEP Subsidiary companies reimburse Parent company through the AEP Money Pool.

[1]No allocation to Kentucky Power Company Generation Function necessary

KENTUCKY POWER COMPANY

JOURNAL ENTRIES TO ALLOCATE SEPTEMBER 2020 AEP CONTRIBUTIONS TO PENSION TRUST TO KPCO BUSINESS UNITS

Year	Unit	Descr	Account	Line Descr	Amount	Journal ID	Date	Affiliate	Long Descr
2,020	100	American Electric Power Co.	1460001	A/R Assoc Co - InterUnit G/L	2,597,000.00	PENCONTRB	2020-09-24	110	To allocate the 2020 pension contribution to the appropriate business units
2,020	100	American Electric Power Co.	1460001	A/R Assoc Co - InterUnit G/L	178,000.00	PENCONTRB	2020-09-24	180	To allocate the 2020 pension contribution to the appropriate business units
2,020	180	Kentucky Power Co - Trans	1650010	Prepaid Pension Benefits	178,000.00	PENCONTRB	2020-09-24		To allocate the 2020 pension contribution to the appropriate business units
2,020	110	Kentucky Power Co - Dist	1650010	Prepaid Pension Benefits	2,597,000.00	PENCONTRB	2020-09-24		To allocate the 2020 pension contribution to the appropriate business units
2,020	100	American Electric Power Co.	1840002	Accounts Pay Adj - Clearing	-2,775,000.00	PENCONTRB	2020-09-24		To allocate the 2020 pension contribution to the appropriate business units
2,020	110	Kentucky Power Co - Dist	2340001	A/P Assoc Co - InterUnit G/L	-2,597,000.00	PENCONTRB	2020-09-24	100	To allocate the 2020 pension contribution to the appropriate business units
2,020	180	Kentucky Power Co - Trans	2340001	A/P Assoc Co - InterUnit G/L	-178,000.00	PENCONTRB	2020-09-24	100	To allocate the 2020 pension contribution to the appropriate business units

DATA REQUEST

KPSC 1_48 Provide any information, when known, that would have a material effect on net operating income, rate base, or cost of capital that have occurred after the test year but were not incorporated in the filed testimony and exhibits.

RESPONSE

The Company remarketed a $65 million pollution control revenue bond in June 2023 with a coupon of 4.70%. The same bond had a coupon of 2.35% on March 31, 2023. The Company also issued a new $25 million intercompany note from AEP to Kentucky Power in June 2023 with a coupon of 5.29%.

Kentucky Power will update this response if any information responsive to this request becomes known to it in the future.

September 8, 2023 Supplemental Response

Kentucky Power resumed the sale of receivables on September 7, 2023. The Company is still determining whether it would have a material effect on net operating income, rate base, or cost of capital.

September 28, 2023 Supplemental Response

Please see KPCO_SR_KPSC_1_48_Attachment1 for an analysis and supporting workpapers detailing Kentucky Power's calculated comprehensive change in revenue requirement associated with restarting the sale of receivables to AEP Credit. The assumptions and calculations rely on Kentucky Power's historical experience with the sale of receivables, updated to reflect the current conditions as presented in this response.

Restarting the sale of receivables results in changes to multiple elements of the Company's as-filed adjusted cost-of-service, including, but not limited to: Cash Working Capital (CWC), the Weighted Average Cost of Capital (WACC), bad debt expense, factoring expense, and going-level taxes. Please see KPCO_SR_KPSC_1_48_Attachment1 for the complete calculation, including all impacted adjustments and the resulting effect on the required net income and test year net income. The net impact to the Company's as-filed revenue requirement is a reduction of $879,238.

Kentucky Power Company
KPSC Case No. 2023-00159
Staff's First Set of Data Responses
Dated May 31, 2023
Page 2 of 3

Below provides a summary of the cost-of-service impacts:

Increase in Required Income: +$1.37M due to increase in WACC from 6.93% to 7.01% resulting from $48.5 million reduction to short-term debt consistent with reduced short-term financing needs due to the sale of receivables.

Decrease in Required Income: -$5.59M due to decrease in rate base resulting from the change in revenue lag days (4.52 per the Company's response to AG-KIUC 1_22 compared to the as-filed amount of 51.49) as utilized in the CWC adjustment. Rate base is reduced by $80.6M due to the lower cash working capital needs resulting from the sale of receivables.

Increase in Test Year Net Operating Income: +$3.3M due to a reduction to bad debt expense combined with other impacted adjustments. Bad debt expense becomes part of factoring expense due to the sale of receivables.

Decrease in Test Year Net Operating Income: -$6.86M due to an increase to reflect the resumption of factoring expense (including both bad debt and financing components).

As shown in the summary table below the comprehensive effect of all of these changes resulting from the reinstatement of the sale of receivables is a $0.88M reduction to the As-Filed Revenue Requirement.

	($ Millions)		Description
1	$	1.37	**Increase in Required Income**
2	$	(5.59)	**Decrease in Required Income**
3 = 1 + 2	$	(4.22)	**Net Change in Required Income**
4	$	3.30	**Increase in Test Year Net Operating Income**
5	$	(6.86)	**Decrease in Test Year Net Operating Income**
6 = 4 + 5	$	(3.56)	**Net Change in Test Year Net Operating Income**
7 = 3 - 6	$	(0.66)	**Net Operating Income Change**
8	$	1.34	**Gross Revenue Conversion Factor**
9 = 7 * 8	$	(0.88)	**Change in As-Filed Revenue Requirement**

Also attached is revised: Section V – Exhibit 1 (KPCO_SR_KPSC_1_48_Attachment2), Section V – Exhibit 2 (KPCO_SR_KPSC_1_48_Attachment3), Section V – Exhibit 3 (KPCO_SR_KPSC_1_48_Attachment4), and workpapers for W26 and Section V – Exhibit 1 S-2 and S-3 (KPCO_SR_KPSC_1_48_Attachment5) which were required to prepare the analysis within KPCO_SR_KPSC_1_48_Attachment1.

Witness: Brian K. West

Witness: Katharine I. Walsh

Witness: Heather M. Whitney

Witness: Linda M. Schlessman

Exhibit HMW-R6
Test Year AEPSC Incentive Compensation Expense Billed to Kentucky Power Company and Mitchell Plant Portion Subsequently Billed to Wheeling Power Company
Kentucky Power Company
Total Company

FISCAL_YEAR	2022

Sum of SUM(A.RESOURCE_AMOUNT)			ACCOUNTING_PERIOD						% Mitchell	$ Mitchell	% Mitchell	$ Mitchell
Incentive Type	**Type**	**Ben Loc Description**	**4**	**5**	**6**	**7**	**8**	**Grand Total**	Share	Share	WPCO Share	WPCO Share
ICP	**Allocated**	All Companies	23,086.91	25,528.75	48,976.99	33,271.41	33,143.78	164,007.84	84.1%	137,930.59	50.0%	68,965.30
		All Companies Excl AEP, Inc	411.75	456.23	800.84	588.91	597.93	2,855.66	84.1%	2,401.61	50.0%	1,200.81
		All Companies Excl Serv Corp	533.34	529.69	1,503.20	749.68	854.81	4,170.72	84.1%	3,507.58	50.0%	1,753.79
		All East Oper Cos All Bus Unit	1,388.79	1,592.20	2,753.71	2,187.87	2,157.69	10,080.26	84.1%	8,477.50	50.0%	4,238.75
		All East Regulated Companies	2.29	7.60	32.21	6.52	6.57	55.19	84.1%	46.41	50.0%	23.21
		All Operating Cos All Bus Unit	2,434.50	2,842.69	5,252.81	3,313.61	3,331.74	17,175.35	84.1%	14,444.47	50.0%	7,222.24
		All Regulated Companies	1,877.81	2,543.77	4,276.03	3,052.14	3,049.97	14,799.72	84.1%	12,446.56	50.0%	6,223.28
		All Wholesale Regulated Cos	1,100.69	1,106.27	2,231.31	1,650.52	1,818.96	7,907.75	84.1%	6,650.42	50.0%	3,325.21
		APCO/KP/OP Generation	232.53	174.59	290.64	1,443.35	2,151.76	4,292.87	84.1%	3,610.30	50.0%	1,805.15
		East Regulated Cos excl Transc	187.40	327.64	1,123.89	668.46	1,069.53	3,376.92	84.1%	2,839.99	50.0%	1,420.00
		East/West Reg Co excl Trnscos	66.19	164.89	163.95	146.10	122.39	663.52	84.1%	558.02	50.0%	279.01
		Gen - All Cos except Nuclear	9,194.39	11,328.68	21,931.68	15,585.53	14,791.42	72,831.70	84.1%	61,251.46	50.0%	30,625.73
		Gen - All East Cos Fossil	645.21	722.08	987.15	833.11	1,173.52	4,361.07	84.1%	3,667.66	50.0%	1,833.83
		Gen All Cos & CSWE excl Nuc	2,393.59	2,912.33	5,555.33	3,650.59	3,421.88	17,933.72	84.1%	15,082.26	50.0%	7,541.13
		Generation - All Companies	8,772.05	8,453.05	15,185.54	12,343.62	13,912.39	58,666.65	84.1%	49,338.65	50.0%	24,669.33
		Generation - All Companies Reg	1,607.31	1,796.15	3,695.92	2,519.93	2,706.00	12,325.31	84.1%	10,365.59	50.0%	5,182.80
		Generation - All East Cos	13,117.11	14,066.54	28,827.78	18,755.62	19,337.73	94,104.78	84.1%	79,142.12	50.0%	39,571.06
		Generation - APCO/I&M/KYPCO	1,970.47	1,941.05	4,146.64	2,898.25	3,230.20	14,186.61	84.1%	11,930.94	50.0%	5,965.47
		Vertically Integrated Utilities	84.89	77.74	211.54	164.65	236.31	775.13	84.1%	651.88	50.0%	325.94
	Direct	Big Sandy Plant Unit 0	4,724.32	5,072.35	9,543.65	8,933.23	6,234.45	34,508.00	0%	-	50.0%	-
		Big Sandy Plant Unit 1	533.16	770.27	972.07	1,364.03	3,692.87	7,332.40	0%	-	50.0%	-
		Big Sandy Plant Unit 2	29.63					29.63	0%	-	50.0%	-
		KYPCO All Bus Units	3,488.85	3,263.59	8,716.36	7,080.01	4,921.33	27,470.14	84.1%	23,102.39	50.0%	11,551.20
		KYPCo For Rate Case Use only	271.07	34.24	133.58	85.06	18.02	541.97	0%	-	50.0%	-
		KYPCO Generation	1,606.75	1,706.21	3,677.94	2,067.63	2,190.10	11,248.63	84.1%	9,460.10	50.0%	4,730.05
		Mitchell Plant Unit 0	9,072.28	11,599.40	20,710.12	14,672.10	15,987.81	72,041.71	100%	72,041.71	50.0%	36,020.86
		Mitchell Plant Unit 1	96.88			2,197.10	651.33	2,945.31	100%	2,945.31	50.0%	1,472.66
		Mitchell Plant Unit 2	153.48	22.19	3,235.11	5,256.94	2,332.55	11,000.27	100%	11,000.27	50.0%	5,500.14
ICP Total			**89,083.64**	**99,040.19**	**194,935.99**	**145,485.97**	**143,143.04**	**671,688.83**		542,893.79		271,446.95
PSI	**Allocated**	All Companies	26,103.81	27,268.86	29,408.19	30,225.00	30,280.84	143,286.70	84.1%	120,504.11	50.0%	60,252.06
		All Companies Excl AEP, Inc	162.96	164.47	171.04	176.62	163.09	838.18	84.1%	704.91	50.0%	352.46
		All Companies Excl Serv Corp	642.97	709.82	1,177.33	723.05	565.74	3,818.91	84.1%	3,211.70	50.0%	1,605.85
		All East Oper Cos All Bus Unit	662.49	622.38	681.39	772.78	712.30	3,451.34	84.1%	2,902.58	50.0%	1,451.29
		All East Regulated Companies	1.31	3.99	8.70	2.90	2.92	19.82	84.1%	16.67	50.0%	8.34
		All Operating Cos All Bus Unit	995.16	1,036.61	1,275.75	1,134.72	1,109.74	5,551.98	84.1%	4,669.22	50.0%	2,334.61
		All Regulated Companies	660.16	817.54	788.09	868.51	841.66	3,975.96	84.1%	3,343.78	50.0%	1,671.89
		All Wholesale Regulated Cos	348.56	303.11	357.26	463.81	561.22	2,033.96	84.1%	1,710.56	50.0%	855.28
		APCO/KP/OP Generation	157.02	103.61	121.90	798.01	1,155.43	2,335.97	84.1%	1,964.55	50.0%	982.28
		East Regulated Cos excl Transc	107.99	172.20	326.69	296.85	474.93	1,378.66	84.1%	1,159.45	50.0%	579.73
		East/West Reg Co excl Trnscos	38.14	86.66	56.02	64.89	54.36	300.07	84.1%	252.36	50.0%	126.18
		Gen - All Cos except Nuclear	3,101.34	3,339.28	3,785.53	4,006.78	3,446.48	17,679.41	84.1%	14,868.38	50.0%	7,434.19
		Gen - All East Cos Fossil	252.44	228.46	197.20	225.80	260.18	1,164.08	84.1%	978.99	50.0%	489.50
		Gen All Cos & CSWE excl Nuc	1,690.52	1,766.17	2,072.69	2,015.00	1,835.92	9,380.30	84.1%	7,888.83	50.0%	3,944.42
		Generation - All Companies	4,939.00	2,537.47	3,332.62	4,454.26	3,362.01	18,625.36	84.1%	15,663.93	50.0%	7,831.97
		Generation - All Companies Reg	518.86	499.63	616.53	653.72	600.40	2,889.14	84.1%	2,429.77	50.0%	1,214.89
		Generation - All East Cos	4,899.89	4,628.32	5,516.60	5,401.28	5,251.19	25,697.28	84.1%	21,611.41	50.0%	10,805.71
		Generation - APCO/I&M/KYPCO	754.31	701.30	781.06	973.21	1,127.97	4,337.85	84.1%	3,648.13	50.0%	1,824.07
		Vertically Integrated Utilities	37.18	30.15	42.47	50.57	91.54	251.91	84.1%	211.86	50.0%	105.93
	Direct	Big Sandy Plant Unit 0	1,495.97	1,399.63	1,648.94	2,213.95	1,353.29	8,111.78	0%	-	50.0%	-
		Big Sandy Plant Unit 1	239.20	309.60	187.86	432.40	827.38	1,996.44	0%	-	50.0%	-
		Big Sandy Plant Unit 2	9.38					9.38	0%	-	50.0%	-
		KYPCO All Bus Units	1,733.80	1,518.20	2,579.10	3,107.17	2,210.89	11,149.16	84.1%	9,376.44	50.0%	4,688.22
		KYPCo For Rate Case Use only	153.75	17.99	30.10	37.78	5.09	244.71	0%	-	50.0%	-
		KYPCO Generation	645.37	550.72	791.13	730.36	626.02	3,343.60	84.1%	2,811.97	50.0%	1,405.99
		Mitchell Plant Unit 0	2,941.41	3,239.25	3,551.21	3,678.36	3,568.96	16,979.19	100%	16,979.19	50.0%	8,489.60
		Mitchell Plant Unit 1	26.15			532.05	141.38	699.58	100%	699.58	50.0%	349.79
		Mitchell Plant Unit 2	48.59	6.31	389.00	1,302.84	506.31	2,253.05	100%	2,253.05	50.0%	1,126.53
PSI Total			**53,367.73**	**52,061.73**	**59,894.40**	**65,342.67**	**61,137.24**	**291,803.77**		239,861.42		119,930.78
RSU	**Allocated**	All Companies	10,956.09	8,815.34	7,528.41	7,460.76	8,080.31	42,840.91	84.1%	36,029.21	50.0%	18,014.61
		All Companies Excl AEP, Inc	93.33	72.91	55.66	49.71	42.73	314.34	84.1%	264.36	50.0%	132.18
		All Companies Excl Serv Corp	245.85	231.88	322.91	223.66	0.53	1,024.83	84.1%	861.88	50.0%	430.94
		All East Oper Cos All Bus Unit	336.86	238.73	231.67	282.77	241.69	1,331.72	84.1%	1,119.98	50.0%	559.99
		All East Regulated Companies			3.06			3.06	84.1%	2.57	50.0%	1.29
		All Operating Cos All Bus Unit	513.83	447.61	431.96	436.20	424.63	2,254.23	84.1%	1,895.81	50.0%	947.91
		All Regulated Companies	304.71	363.91	288.57	334.79	293.16	1,585.14	84.1%	1,333.10	50.0%	666.55
		All Wholesale Regulated Cos	141.99	106.38	100.71	199.83	144.54	693.45	84.1%	583.19	50.0%	291.60
		APCO/KP/OP Generation	36.92	37.42	23.74	225.40	399.85	723.33	84.1%	608.32	50.0%	304.16
		East Regulated Cos excl Transc	73.67	94.51	148.94	176.43	233.77	727.32	84.1%	611.68	50.0%	305.84
		East/West Reg Co excl Trnscos	35.06	47.12	17.88	30.85	28.34	159.25	84.1%	133.93	50.0%	66.97
		Gen - All Cos except Nuclear	1,324.16	1,027.55	980.21	1,204.79	730.30	5,267.01	84.1%	4,429.56	50.0%	2,214.78
		Gen - All East Cos Fossil	59.77	73.28	32.87	50.23	62.93	279.08	84.1%	234.71	50.0%	117.36
		Gen All Cos & CSWE excl Nuc	684.49	570.10	577.42	567.75	508.44	2,908.20	84.1%	2,445.80	50.0%	1,222.90
		Generation - All Companies	1,279.05	916.73	1,048.42	1,888.28	832.45	5,964.93	84.1%	5,016.51	50.0%	2,508.26
		Generation - All Companies Reg	209.12	177.54	173.80	167.99	130.74	859.19	84.1%	722.58	50.0%	361.29
		Generation - All East Cos	2,353.49	1,773.61	1,754.03	1,812.16	1,537.41	9,230.70	84.1%	7,763.02	50.0%	3,881.51
		Generation - APCO/I&M/KYPCO	464.67	365.42	297.69	489.48	516.95	2,134.21	84.1%	1,794.87	50.0%	897.44
		Vertically Integrated Utilities	22.04	11.86	15.47	12.15	18.34	79.86	84.1%	67.16	50.0%	33.58
	Direct	Big Sandy Plant Unit 0	639.96	542.85	333.57	631.42	300.87	2,448.67	0%	-	50.0%	-
		Big Sandy Plant Unit 1	173.46	34.21	41.27	138.25	217.47	604.66	0%	-	50.0%	-
		KYPCO All Bus Units	850.79	900.18	894.11	1,299.86	646.01	4,590.95	84.1%	3,860.99	50.0%	1,930.50
		KYPCo For Rate Case Use only	111.60					111.60	0%	-	50.0%	-
		KYPCO Generation	264.02	269.98	205.81	306.58	87.33	1,133.72	84.1%	953.46	50.0%	476.73
		Mitchell Plant Unit 0	1,106.94	1,041.71	734.16	1,024.29	611.38	4,518.48	100%	4,518.48	50.0%	2,259.24
		Mitchell Plant Unit 1	19.36			77.82		97.18	100%	97.18	50.0%	48.59
		Mitchell Plant Unit 2			184.66	921.60	107.98	1,214.24	100%	1,214.24	50.0%	607.12
RSU Total			**22,301.23**	**18,160.83**	**16,427.00**	**20,013.05**	**16,198.15**	**93,100.26**		76,562.59		38,281.34
Grand Total			**164,752.60**	**169,262.75**	**271,257.39**	**230,841.69**	**220,478.43**	**1,056,592.86**				
											Total Billed to WPCo	**429,659.07**

Whitney Verification Form.doc

DocVerify ID:	B9EC2A24-464C-4CC6-A7FF-0EDB74E4F11A
Created:	November 02, 2023 13:42:11 -8:00
Pages:	1
Remote Notary:	Yes / State: KY

E-Signature Summary

E-Signature 1: Heather M. Whitney (HMW)
November 03, 2023 10:04:59 -8:00 [29889E126627] [161.69.57.14]
hmwhitney@aep.com (Principal) (Personally Known)

E-Signature Notary: Marilyn Michelle Caldwell (MMC)
November 03, 2023 10:04:59 -8:00 [28779C3D59A6] [167.239.221.103]
mmcaldwell@aep.com
I, Marilyn Michelle Caldwell, did witness the participants named above electronically sign this document.

VERIFICATION

The undersigned, Heather M. Whitney, being duly sworn, deposes and says she is a Director in Regulatory Accounting Services for American Electric Power Service Corporation, that she has personal knowledge of the matters set forth in the foregoing testimony and the information contained therein is true and correct to the best of her information, knowledge, and belief after reasonable inquiry.

Heather M. Whitney

Heather M. Whitney

Commonwealth of Kentucky)
) Case No. 2023-00159
County of Boyd)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Heather M. Whitney, on November 3, 2023.

Notary Public

MARILYN MICHELLE CALDWELL
ONLINE NOTARY PUBLIC
STATE AT LARGE KENTUCKY
Commission # KYNP71841
My Commission Expires May 05, 2027

Notarial act performed by audio-visual communication

My Commission Expires May 5, 2027

Notary ID Number KYNP71841