

Kentucky Power Company  
KPSC Case No. 2023-00159  
Commission Staff's Fourth Set of Data Requests  
Dated September 11, 2023

**DATA REQUEST**

**KPSC 4\_18** Refer to Kentucky Power's Response to Commission Staff's Second Request, Item 70(a). Explain how current market conditions drive toward a bond tenor of 20 years. Explain what changes in market conditions might cause the preferred bond tenor to be longer or shorter than 20-year scheduled final maturity.

**RESPONSE**

In general bonds with shorter maturities price with a lower base rate, spread, and coupon than bonds with longer maturities. This is because investors demand a higher rate of return for bonds that are outstanding for a longer period of time. That said, in general, tenor for utility securitizations is driven first and foremost by matching the securitization cash flows to the appropriate recovery period for the underlying asset for which the utility is seeking recovery.

Witness: Katrina Niehaus

**October 20, 2023 Supplemental Response**

Please see the Company's supplemental response to Commission Staff's Second Request, Item 70. Current market conditions do not drive toward any particular bond tenor. Rather, as the Company explained in response to Staff 2-70, the 20-year tenor utilized by the Company is illustrative. The Company is unable to speculate regarding what changes in market conditions might cause the preferred bond tenor to be longer or shorter than the illustrative 20-year securitization period the Company utilized.

Witness: Franz D. Messner

VERIFICATION

The undersigned, Franz D. Messner, being duly sworn, deposes and says he is the Managing Director of Corporate Finance for American Electric Power Service Corporation, that he has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of his information, knowledge, and belief.

*[Handwritten Signature]*

Franz D. Messner

County Franklin )  
 )  
State of Ohio )

Case No. 2023-00159

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Franz D. Messner, on October 11, 2023.

*[Handwritten Signature]*

Notary Public



My Commission Expires Never

Notary ID Number N/A