

Kentucky Power Company  
KPSC Case No. 2023-00372  
Commission Staff's Second Set of Data Requests  
Dated March 8, 2024

**DATA REQUEST**

**KPSC 2\_1** Refer to the Environmental Surcharge (ES) filing for February 2021, Form 3.13, line 18. Provide support for the use of a 7.62 percent weighted average cost of capital (WACC). Include in the response the Commission Order citation authorizing the use of a 7.62 percent WACC.

**RESPONSE**

The 7.62 percent WACC is based on direction from the Commission's January 13, 2021 and February 22, 2021 Orders in Case No. 2020-00174.

The Commission's January 13, 2021 Order in Case No. 2020-00174 Appendix A, Page 3 of 3 "II. Cost of Capital Adjusted to Reflect Lower ROE" for the appropriate capital structure for the Mitchell Non-FGD plant as of March 21, 2020 which results in a 7.62 percent WACC.

The Commission directed in its February 22, 2021 Order on rehearing in Case No. 2020-00174 at page 21-22 that:

Because the ROE used for the Mitchell Non-FGD will differ between base rates and Tariff ES, Kentucky Power's current forms and base/current calculation will not accurately calculate Kentucky Power's environmental surcharge. The Commission therefore finds that Kentucky Power shall file a revised Tariff ES to reflect annual base revenue requirement as shown on Appendix A attached to this Order and will revise its monthly forms to calculate the return on Mitchell Non-FGD plant as of March 31, 2020, with an ROE of 9.3 percent and the return on additional Mitchell Non-FGD plant with an ROE of 9.1 percent.

Witness: Lerah M. Kahn

Kentucky Power Company  
KPSC Case No. 2023-00372  
Commission Staff's Second Set of Data Requests  
Dated March 8, 2024

**DATA REQUEST**

- KPSC 2\_2** Refer to the ES filing for February 2021, Form 3.30 and Form 1.00. February has two filings.
- a. Explain how the amount to be collected is split between the two factors.
  - b. January 2021 also has two filings. Explain the methodology used to determine the amount to be collected split between the two factors is the same as that used in February.

**RESPONSE**

a.-b. When the environmental surcharge is filed with two versions for the same expense month, the Company will prorate between the two factors. Please see KPCO\_R\_KPSC\_2\_2\_Attachment1 which shows the proration calculation for the environmental surcharge resulting from the split factors for both January 2021 and February 2021. This calculation ensures that the two rates are appropriately weighted to the period in which they relate.

The first version of each provides for the factor calculated based on status quo. The second version will utilize the first as its starting point; however, it will also update for any applicable changes that went into effect for services rendered part-way through the expense month. Expenses for the month will generally not change between the two files. An exception to this would be a new, modified, or disallowed expense(s). Cash working capital, which the Commission disallowed in its January 13, 2021 Order in Case No. 2020-00174, was subsequently removed from the ES calculation for services rendered on and after January 14, 2021 (V2).

Additionally, factors such as weighted average cost of capital or gross revenue conversion factor could result in a change to the total amount to be recovered between the two files.

The same proration methodology described above was used for the January 2021 and February 2021 ES filings.

Witness: Lerah M. Kahn

Kentucky Power Company  
KPSC Case No. 2023-00372  
Commission Staff's Second Set of Data Requests  
Dated March 8, 2024

**DATA REQUEST**

**KPSC 2\_3** Refer to the ES filing for February 2021, Form 3.3.30, line 1. Explain how the amount in Over/Under Recovery Adjustment is determined for months with two filings/billing factors.

**RESPONSE**

For months with two filings the Company finds the over/under related to their billing month by a) first prorating the total amount to be recovered for each file and then b) subtracting the actual amount collected from a). Please see KPCO\_R\_KPSC\_2\_3\_Attachment1 which provides this calculation for January 2021 and February 2021.

During the Company's preparation of this response, the Company became aware that the calculation of the over/under provided in the April 2021 filing (for February 2021 expense month) inadvertently and erroneously used only the V2 amount to be collected and further did not include the adjustment shown on Form 1.0, Line 10A. This resulted in an under-recovered amount of \$295,255 for the period under review. The Company will make a proposal to collect this under-recovered amount as part of this proceeding.

Witness: Lerah M. Kahn

Kentucky Power Company  
KPSC Case No. 2023-00372  
Commission Staff's Second Set of Data Requests  
Dated March 8, 2024

**DATA REQUEST**

**KPSC 2\_4** Refer to the ES filings for January and February 2021, Form 3.13, lines 9-12 and lines 24-28. The expenses are identical for each of the two filings within each month. If not explained in Item 2 above, explain what each of the double monthly entries represent and how they are tied into the revenue requirement for billing purposes.

**RESPONSE**

Please see the Company's response to KPSC 2\_2.

Witness: Lerah M. Kahn

**VERIFICATION**

The undersigned, Lerah M. Kahn, being duly sworn, deposes and says she is the Manager of Regulatory Services for Kentucky Power, that she has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of her information, knowledge, and belief.

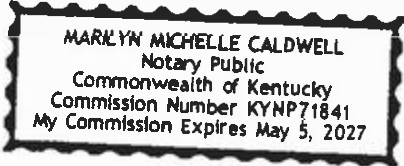
  
\_\_\_\_\_  
Lerah M. Kahn

Commonwealth of Kentucky )  
  )  
County of Boyd )

Case No. 2023-00372

Subscribed and sworn to before me, a Notary Public in and before said County  
and State, by Lerah M. Kahn, on March 20, 2024

Marilyn Michelle Caldwell  
Notary Public



My Commission Expires May 5, 2027

Notary ID Number KYNP 71841