

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

Electronic Application Of Kentucky Power Company )  
For: (1) Approval Of The Rockport Offset True-Up )  
Amount; (2) Approval To Collect The Rockport )  
Offset True-Up Through Tariff Purchase Power )  
Adjustment; And (3) All Other Required Approvals )  
And Relief )

Case No. 2024-00016

**DIRECT TESTIMONY OF**  
**HEATHER M. WHITNEY**  
**ON BEHALF OF KENTUCKY POWER COMPANY**

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**EXHIBITS**

<b><u>EXHIBIT</u></b>	<b><u>DESCRIPTION</u></b>
Confidential Exhibit HMW-1	Rockport Offset True-Up Calculation – Based on Preliminary and Unaudited 2023 Kentucky Power Financial Statements

**DIRECT TESTIMONY OF  
HEATHER M. WHITNEY ON BEHALF OF  
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**CASE NO. 2024-00016**

**I. INTRODUCTION**

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION.**

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

**II. BACKGROUND**

7 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**  
8 **PROFESSIONAL QUALIFICATIONS.**

9 A. I received a Bachelor of Science Degree in Agriculture and a Master of Accounting Degree  
10 from The Ohio State University in June 2005. I have been a Certified Public Accountant  
11 since 2007, transitioning my Ohio license to inactive status in 2012. I began my career in  
12 2005 as an auditor within Ernst & Young’s Columbus, Ohio, Assurance Services practice.  
13 I joined AEPSC as an internal auditor in 2008 and held roles of increasing responsibility  
14 within the AEPSC Audit Services function through early 2016, when I accepted a role  
15 within the AEPSC Accounting function. Since early 2016, I have held roles of increasing  
16 responsibility in a diverse set of disciplines within the AEPSC Accounting function,  
17 including Manager Derivative Accounting Policy & Research (2016), Director

1 Commercial Accounting (2017), and Director Tax Accounting & Support Services (2018).  
2 I assumed my current role of Director Regulatory Accounting Services in 2019.

3 **Q. WHAT ARE YOUR RESPONSIBILITIES AS DIRECTOR IN THE**  
4 **REGULATORY ACCOUNTING SERVICES GROUP?**

5 A. My primary responsibilities in Regulatory Accounting Services involve providing AEP  
6 operating subsidiaries, including Kentucky Power, with accounting support for regulatory  
7 filings. This accounting support includes the preparation of cost of service adjustments,  
8 accounting schedules, testimony, and responses to data requests. Also, I monitor  
9 regulatory proceedings, settlements, orders, and legislation for accounting implications and  
10 participate in determining the appropriate regulatory accounting and financial reporting  
11 treatment of regulatory transactions.

12 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN ANY REGULATORY**  
13 **PROCEEDINGS?**

14 A. Yes, I have testified before the Kentucky Public Service Commission in Case Nos. 2020-  
15 00174, 2022-00283, and 2023-00159. In addition, I have filed testimony with the  
16 Kentucky Public Service Commission in Case No. 2021-00004. I have filed testimony  
17 with the Oklahoma Corporation Commission in Cause Nos. 202100055, 202100076, and  
18 2022-000093. I have also filed testimony with the Public Utilities Commission of Texas  
19 in Case No. 49494 and with the Public Utilities Commission of Ohio in Case No. 05-376-  
20 EL-UNC.

### **III. PURPOSE OF TESTIMONY**

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

2 A. I support the calculation of the Rockport Offset True-Up in conformity with the example  
3 Rockport Offset calculation included as Exhibit 2 to the settlement agreement approved by  
4 the Commission in Case No. 2017-00179,<sup>1</sup> the Company's 2017 base rate case ("2017  
5 Settlement Agreement"). Based on preliminary, unaudited financial information, the  
6 Rockport Offset True-Up is expected to be \$18,045,496, the total remaining amount  
7 possible to be collected as part of the Rockport Offset True-Up. A final Rockport Offset  
8 True-Up calculation will be filed publicly in this docket the business day following  
9 issuance of Kentucky Power's year-end 2023 financial statements. At this time, Kentucky  
10 Power expects to issue its year-end 2023 financial statements on February 27, 2024.

11 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

12 A. Yes, I am sponsoring the following exhibit:  
13 Confidential Exhibit HMW-1: Rockport Offset True-Up Calculation – Based on  
14 Preliminary and Unaudited 2023 Kentucky Power Financial Statements

### **IV. ROCKPORT OFFSET TRUE-UP CALCULATION**

15 **Q. PLEASE DESCRIBE THE METHOD FOR CALCULATING THE ROCKPORT**  
16 **OFFSET TRUE-UP.**

17 A. Exhibit 2 to the 2017 Settlement Agreement<sup>2</sup> established the method for calculating the  
18 Rockport Offset True-Up. Please refer to the testimony of Company Witness West for an

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<sup>1</sup> *In The Matter Of: Electronic Application Of Kentucky Power Company For (1) A General Adjustment Of Its Rates For Electric Service; (2) An Order Approving Its 2017 Environmental Compliance Plan; (3) An Order Approving Its Tariffs And Riders; (4) An Order Approving Accounting Practices To Establish Regulatory Assets And Liabilities; And (5) An Order Granting All Other Required Approvals And Relief, Case No. 2017-00179.*

<sup>2</sup> See Exhibit BKW-1 to the Direct Testimony of Brian K. West at 30.

1 overview of the relevant portions of the 2017 Settlement Agreement, and Exhibit BKW-1  
2 for the 2017 Settlement Agreement in its entirety, including Exhibit 2 – Rockport Offset  
3 Calculation Example.

4 **Q. PLEASE DESCRIBE THE INPUTS NEEDED TO CALCULATE THE**  
5 **ROCKPORT OFFSET TRUE-UP.**

6 A. The following inputs are needed to calculate the Rockport Offset True-Up:

- 7 1) Kentucky Power’s allowed retail jurisdiction return on equity in 2023 (“ROE”);
- 8 2) Kentucky Power’s allowed retail jurisdiction gross revenue conversion factor  
9 (“GRCF”);
- 10 3) Kentucky Power’s net income for the 12-months ended December 2023, prepared in  
11 accordance with accounting principles generally accepted in the United States of  
12 America (“GAAP”); and
- 13 4) Kentucky Power’s average common equity for the 13-months ended December 2023,  
14 prepared in accordance with GAAP.

15 **Q. WHAT IS KENTUCKY POWER’S ALLOWED ROE IN 2023 [INPUT 1]?**

16 A. In 2023, Kentucky Power was authorized to earn an ROE of 9.3% as approved by the  
17 Commission in Case No. 2020-00174.

18 **Q. WHAT IS KENTUCKY POWER’S ALLOWED GRCF [INPUT 2]?**

19 A. Kentucky Power’s authorized GRCF is 1.339897, as approved by the Commission in Case  
20 No. 2023-00159.

21 **Q. WHAT IS KENTUCKY POWER’S 2023 YEAR-END GAAP NET INCOME AND**  
22 **13-MONTH AVERAGE COMMON EQUITY [INPUTS 3 AND 4]?**

1 A. At the required time of this filing, Kentucky Power's year-end 2023 GAAP financial  
2 statements are preliminary and unaudited. Confidential Exhibit HMW-1 provides the  
3 calculated Rockport Offset True-Up, based on Kentucky Power's preliminary, unaudited  
4 2023 GAAP financial statements. At this time, Kentucky Power expects that its year-end  
5 2023 GAAP financial statements will be finalized and issued, accompanied by the report  
6 of its independent auditors, on February 27, 2024. The business day following issuance of  
7 its year-end 2023 financial statements, Kentucky Power will make a filing in this docket,  
8 which provides its year-end 2023 GAAP financial statements and a corresponding non-  
9 confidential Rockport Offset True-Up calculation for final review by parties and the  
10 Commission.

11 **Q. WHAT IS THE EXPECTED ROCKPORT OFFSET TRUE-UP?**

12 A. Confidential Exhibit HMW-1 provides the Rockport Offset True-Up calculation based on  
13 preliminary, unaudited financial information. The Rockport Offset True-Up is expected to  
14 be \$18,045,496, the total remaining amount possible to be collected as part of the Rockport  
15 Offset True-Up.

## V. CONCLUSION

16 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

17 A. Yes, it does.



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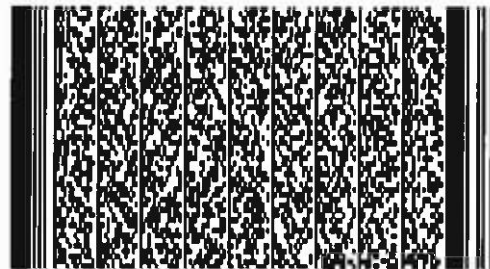
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#### E-Signature Summary

**E-Signature 1: Heather M. Whitney (HMW)**  
 January 29, 2024 09:02:49 -8:00 [B89186CD3B48] [167.239.221.103]  
 hmwhitney@aep.com (Principal) (Personally Known)

**E-Signature Notary: Marilyn Michelle Caldwell (MMC)**  
 January 29, 2024 09:02:49 -8:00 [E10964965362] [167.239.221.104]  
 mmcaldwell@aep.com  
 I, Marilyn Michelle Caldwell, did witness the participants named above electronically sign this document.



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