

Kentucky Power Company
KPSC Case No. 2025-00257
Commission Staff's Third Set of Data Requests
Dated October 23, 2025

DATA REQUEST

KPSC 3_1 Refer to the Direct Testimony of Tanner Wolfram (Wolfram Direct Testimony), page 26. Provide the amount of gains or losses on gas sales for the last five years.

RESPONSE

Please see the table below for the requested information.

Year	Natural Gas Sale Gain / (Loss)
2020	(\$27,193)
2021	\$0
2022	\$0
2023	(\$88,695)
2024	(\$2,698,803)
2025*	(\$347,204)

**January through September*

Witness: Clinton M. Stutler

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DATA REQUEST

KPSC 3_2 Refer to the Wolfram Direct Testimony, page 27 and the Direct Testimony of Clinton Stutler (Stutler Direct Testimony), page 10.

- a. Provide the base amount of gains and losses on gas sales that Kentucky Power proposes.
- b. Provide the proposed amortization period for the test year losses of \$1.872 million.

RESPONSE

- a. The Company proposes to set the base amount of gains and losses on incidental sales of natural gas at \$1.872 million, which is the amount of losses actually incurred during the test year.
- b. If the Commission approves the Company's request to defer the test-year amount of losses on incidental sales of natural gas, the Company proposes to amortize and recover the regulatory asset over one year through Tariff P.P.A.

Witness: Tanner S. Wolfram

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KPSC 3_3 Refer to the Wolfram Direct Testimony, page 28. Explain the causes of the test year losses of \$1.872 million.

RESPONSE

Natural gas supply is purchased via two mechanisms. The first mechanism is issuing request for proposals (RFP) seeking fixed price, physical natural gas supply for flow in a specific future month. The least cost offer(s) provided via the RFP are accepted. The offers submitted via the RFP are based on the forward value of the natural gas supply, in the particular month of flow. For example, in September 2025, AEPSC, on behalf of Kentucky Power issued an RFP seeking 10,000 MMBtu of natural gas supply to be delivered in the month of May 2028. From the RFP, there were three offers provided with the least cost offer of \$2.68 per MMBtu selected. With this purchase, Kentucky Power is committed to receive 10,000 MMBtu per day of natural gas supply priced at \$2.68 per MMBtu to be delivered in May 2028. Consistent with the hedging strategy discussed in detail in Company Witness Stutler's Direct Testimony, between now and May 2028, additional RFPs will be issued seeking additional supply for May 2028, up to a total hedge quantity of 32,000 MMBtu.

The second mechanism in which natural gas supply is purchased is in the spot market. These purchases are made the day before or the same day of flow. The advantage in making spot market purchases is that because the purchases are made so close to the time of flow, the buyer has a fairly good idea as to the expected daily consumption. The potential downside is that these purchases are exposed to spot market pricing, which has been volatile in recent years.

The intent of the Company's purchasing strategy is to have a solid base of fixed price, physical natural gas supply (as discussed above via the RFP process), and then to purchase the balance of requirements in the spot market. The challenge is that when natural gas supply is purchased in advance, actual future consumption is unknown, which could require natural gas sales to balance the daily position. When the market is in decline from the point in time at which the baseload purchases are made, and such purchases must ultimately be sold to balance the position, those sales will result in a loss. In the example above, Kentucky Power has purchased 10,000 MMBtu per day to be delivered during the month of May 2028 at \$2.68 per MMBtu. At some point in the future, perhaps a planned or maintenance outage is added, or PJM simply does not require the Big Sandy Plant for operation in May 2028. The purchase of 10,000 MMBtu per day would need to be sold into the market in order to balance the daily position. If the spot market price of natural gas at

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the applicable market hub is greater than \$2.68 per MMBtu, the sale would result in a gain. If the market price is less than \$2.68 per MMBtu, the sale would result in a loss.

The intent of the hedging strategy is to fix the price of fuel, for a percentage of expected requirements, so that customers are not exposed to the volatility embedded in the spot market.

Witness: Clinton M. Stutler

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KPSC 3_4 Refer to the Direct Testimony of Stevi N. Cobern, page 24, lines 1–22. Also refer to Commission regulation 807 KAR 5:054, Section 7(2), which requires electric utilities to prepare standard rates for purchases from qualifying utilities with a design capacity of 100 kilowatts or less. Also refer to Commission regulation 807 KAR 5:054, Section 7(4), which requires electric utilities to prepare standard rates for purchases from qualifying utilities with a design of 100 kilowatts or more that are to be used only as the basis for negotiating a final purchase rate with qualifying facilities. With the distinction that the standard rates for purchases from qualifying facilities with a design of 100 kilowatts or more are only to be used as the basis for negotiating a final purchase rate, a requirement that is not contained in 807 KAR 5:054, Section 7(2), explain how it is reasonable to combine Tariff COGEN/SPP I and Tariff COGEN/SPP II.

RESPONSE

The Company's proposed COGEN/SPP tariff meets the requirements of the referenced regulations. Specifically, the standard rate for purchases for customers that would have been served under COGEN/SPP I is the standard rate proposed in COGEN/SPP; for customers that would have otherwise been on COGEN/SPP II previously, the standard rates set in the COGEN/SPP tariff would be the basis for negotiating a final purchase rate.

The language of the Company's current COGEN/SPP I and COGEN/SPP II are nearly identical, the exception being the applicability of the tariff related to the size of the facility, including with regard to rates.

The language contained in both COGEN/SPP I and COGEN/SPP II are also largely identical to the language in the Company's proposed COGEN/SPP tariff, including with regard to rates.

The main differences between the Company's current COGEN/SPP tariffs and proposed COGEN/SPP is the added LEO language, which it would have proposed to add to both COGEN/SPP I and COGEN/SPP II if they remain uncombined, and the combination of the availability of service sections. As such, given that the existing COGEN SPP tariffs meet the requirements of the regulations, the Company believes its current proposal does the same, given that it is not altering any of the current requirements for standard rates.

Witness: Tanner S. Wolfram

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KPSC 3_5 Refer to the Direct Testimony of John Cullop (Cullop Direct Testimony), Exhibit JDC-2 and the Application, Section V, Exhibit 1, page 2. Confirm that the adjusted environmental base amount is included in the \$1,872,259,310 of rate base.

RESPONSE

The Company cannot confirm that the total amount included in Exhibit JDC-2 is included in the \$1,872,259,310 rate base amount, because they reflect different calculations. Exhibit JDC-2 reflects the monthly and annual base revenue requirement for the environmental surcharge, not the rate base amount.

Please see the "ML Non-FGD" tab of KPCO_R_KPSC_1_55_Attachment17_CullopWP1 for the calculation of the environmental surcharge base revenue requirement. The total rate base amount of \$1,872,259,310 includes the \$181,609,931 in cell O21 of this file.

Witness: John D. Cullop

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KPSC 3_6 Refer to the Cullop Direct Testimony, Exhibit JDC-2. Explain whether Kentucky Power is proposing to include any environmental compliance expenses in base rates. If so, provide the amount and kinds of expenses.

RESPONSE

Yes, the Company is proposing to include its actual test-year Non-FGD environmental compliance expenses in base rates; except for ARO depreciation and accretion expense (included in base rates as a levelized amount) and return on monthly CWIP (removed from base rates in its entirety) as discussed on page 5 of Company Witness Cullop's Direct Testimony. These expenses are included in the calculation of the environmental surcharge base revenue requirement shown in Exhibit JDC-2.

Please see the "ML Non-FGD" tab of KPCO_R_KPSC_1_55_Attachment17_CullopWP1 for the amounts and kinds of expenses included.

Witness: John D. Cullop

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DATA REQUEST

KPSC 3_7 Refer to the Stutler Direct Testimony, page 8.

- a. Explain when Columbia Gas Transmission, LLC (Columbia Transmission) requires Kentucky Power to cash out its position in the Operating Balancing Account (OBA).
- b. State whether Kentucky Power uses any pipeline other than Columbia Transmission.
- c. Provide Kentucky Power's maximum balance in its OBA for Columbia Transmission and any other pipelines.

RESPONSE

a. For Columbia Gas Transmission, the balance on the OBA carries forward month to month. Unless otherwise required or authorized, the balance must remain small; natural gas supply purchased and delivered to the Big Sandy Plant should be closely aligned with consumption. If Kentucky Power has purchased 32,000 MMBtu per day, and the Big Sandy Plant is offline, a discussion will occur with Columbia Gas Transmission to determine their operational flexibility for the specific day of flow. If flexibility exists, they may allow the entire quantity (or a certain percentage) to go to imbalance for use another day. Other times, Columbia Gas Transmission may not have flexibility and will require that the position be balanced at the end of day (which requires Kentucky Power to sell the natural gas into the market). The cashout discussion in Company Witness Stutler's Direct Testimony was meant to illustrate that some pipelines require "forced sales" to balance positions.

b. Columbia Gas Transmission is the only pipeline that is connected to the Big Sandy Plant.

c. The OBA should be maintained as close to zero as possible to maintain the operational integrity of the pipeline. However, in the winter, Columbia Gas Transmission may issue critical notices requiring "ratable take requirements." During such events, there is significant demand on the pipeline system. For example, assume that the Big Sandy Plant is expected to consume 48,000 MMBtu on a given day, which averages 2,000 MMBtu per hour. However, consumption at the Big Sandy Plant will not necessarily equal 2,000 MMBtu per hour. It may be 3,000 MMBtu per hour during the peak hours and 1,000 MMBtu during the off-peak hours, equaling the 48,000 MMBtu for the day. Normally, 48,000 MMBtu would be purchased and scheduled and that would satisfy pipeline requirements. However, under a ratable take requirement, Kentucky Power would be

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required to purchase adequate natural gas supply to cover peak usage for the entirety of the gas day. In this case, peak consumption amounts to 3,000 MMBtu per hour, thus 72,000 MMBtu would be required for the gas day. Because Big Sandy will only consume 1,000 MMBtu per hour during the off-peak hours, the positive imbalance for the day would equal 24,000 MMBtu. There have been situations in the past where ratable take requirements went on for weeks, causing positive imbalance positions to reach the hundreds of thousands. Once the cause of the ratable take requirement is neutralized, Columbia Gas Transmission will then allow Big Sandy to receive natural gas supply from the positive imbalance (which reduces daily purchases) until the OBA is balanced.

Witness: Clinton M. Stutler

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KPSC 3_8 Refer to the Stutler Direct Testimony, page 9.

- a. State which entity requires Kentucky Power to sell excess gas and how the amount is determined.
- b. State whether Kentucky Power is allowed to make bilateral sales of excess gas.

RESPONSE

a. As discussed previously, Columbia Gas Transmission usually requires that daily purchases and daily consumption are balanced. If purchases and consumption are not balanced, and Columbia Gas Transmission does not have operational flexibility to allow the natural gas supply to go to imbalance (for use another day), natural gas sales are the only alternative available to balance the daily position.

Natural gas is sold at the prevailing spot market price for the day of flow, which is published by Platts Gas Daily.

b. The natural gas purchased for the Big Sandy Plant, via RFP (months in advance of flow), or in the spot market (day before, day of flow) is purchased at the TCO Pool, which is one of the most common receipt points in the Appalachian Basin. Kentucky Power may sell natural gas supply to any credit-approved counterparty that is seeking to purchase natural gas at TCO Pool.

Witness: Clinton M. Stutler

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KPSC 3_9 Refer to the Direct Testimony of Franz D. Messner (Messner Direct Testimony) at page 10, lines 11-14. Refer also to the final Order in Case No. 2023-00159 which stated that Kentucky Power resumed accounts receivable financing in mid-July 2023.

- a. Confirm whether Kentucky Power has continued the sale of accounts receivable since mid-July 2023.
- b. If confirmed, explain why the sale of accounts receivable was excluded in this proceeding.
- c. Provide the amount of outstanding Accounts Receivable Financing as of the end of the test period.

RESPONSE

- a. Kentucky Power has continued the sale of accounts receivable since September 2023.
- b. Sale of accounts receivable was excluded from the capital structure in this proceeding, consistent with the Commission's order in the prior base rate case, Case No. 2023-00159.

Sales of accounts receivables are accounted for in the Company's cost-of-service through its lead/lag study that is reflected in its cash working capital adjustment.

- c. As of May 31, 2025, Kentucky Power had outstanding Accounts Receivable Financing of \$55,185,825.66.

Witness: Franz D. Messner

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DATA REQUEST

KPSC 3_10 Refer to the Direct Testimony of Jeffrey D. Newcomb (Newcomb Direct Testimony) at 9. If Kentucky Power were to receive an increase in its Return on Equity (ROE) in this proceeding, explain the direct effect Kentucky Power would expect that would have on its earned ROE considering the referenced drivers of Kentucky Power's earned ROE.

RESPONSE

Please see the Company's response to KPSC 2_10. It is important to note that the referenced drivers are historical in nature, while the award of an increased ROE in this proceeding would be prospective. That said, as explained in the Company's response KPSC 2_10, if the Commission were to award Kentucky Power a higher ROE, along with accepting its proposals in this case, it would improve the overall financial health of the Company and decrease reliance on debt to fund its operations. One of the factors that negatively impacts the Company's financial condition between rate cases is increased interest expense. The less debt the Company needs to issue to operate the business, the less interest expense it will incur, thereby reducing the negative impacts that interest expense can have on the Company's financial health between base cases. In sum, holding all else equal, the expected direct effect of the Commission awarding a higher ROE in this case would be a higher earned ROE prospectively.

Witness: Tanner S. Wolfram

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DATA REQUEST

KPSC 3_11 Refer to Kentucky Power's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 1, Attachment.

a. Explain why the Attachment includes amounts billed and collected for residential delayed payment charges each year given that the Commission directed Kentucky Power to cease charging the delayed payment charge to residential customers in Case No. 2020-00174.

b. For years 2023, 2024, and the test year, explain why the amounts recovered for residential delayed payment charges exceed the amounts billed.

RESPONSE

a. The Company reviewed each of these instances to confirm that residential accounts were not charged any delayed payment fees, and confirmed that they were not. The reason there are amounts billed and collected for delayed payments charges in the residential class is because each of those accounts were served under a non-residential tariff for some time during that year, such that the account was assessed the appropriate delayed payment fee under a non-residential tariff. Those same accounts were, at some point, changed during the year to a residential tariff. The report the Company runs for this information pulls the accounts as they are currently coded at the time of the request, meaning that it does not differentiate delayed payment fees based on when the fee was assessed, only that a fee was assigned and the account is, at the time of data pull, a residential account. For example, if a building operated as a business and subsequently renovated to be a residential dwelling, the customer may receive a delayed payment fee while the customer is still taking service under Tariff General Service. After the renovation is completed and the customer changes the account to take service under a residential tariff, the data will show that delayed payment charge was assessed that year because it was charged and collected while the customer was served under Tariff General Service.

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b. There are a variety of reasons the amounts recovered for residential delayed payment charges exceed the amounts billed. First, there could be a timing difference from when the fee was charged to when it was paid. For example, if a customer is charged a delayed payment fee in December 2024, but pays in January 2025, then the charge will show in the 2024 data, but the payment will show in 2025. Additionally, as explained above, there can be differences caused by accounts changing from non-residential to residential accounts that account for the difference.

Witness: Tanner S. Wolfram

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KPSC 3_12 Refer to Kentucky Power's response to Staff's Second Request, Item 30(b). Provide supporting documentation from the bank showing that Kentucky Power is charged \$6.60 for each returned check.

RESPONSE

Please see KPCO_R_KPSC_3_12_Attachment1 for the support of the \$6.60. The Company used the analysis completed in 2020 as the basing point then reviewed individual months to confirm the \$6.60 was still appropriate. For example, please see KPCO_R_KPSC_3_12_Attachment2 for an example of a monthly bank invoice for returned checks. The invoice shows multiple charges that can be incurred as a result of a returned check. Specifically, the base charge for returned checks is \$5.00 represented as the "Deposited Items Returned Unpaid" and "Ereturns/Item" for reporting at \$0.25 per customer with an NSF. There is also a check re-presented fee that is \$1.50, and flat rate for reporting \$85 per month. The Company added the amount of those charges based on the number of instances incurred then divided that amount by the total number of customers who were charged these amounts, as can be seen on the invoice for September 2025, this results in an average cost of \$6.615.

Witness: Tanner S. Wolfram



BNY MELLON
240 GREENWICH STREET
NEW YORK, NY 10286

SERVICE CHARGE ADVICE

RELATIONSHIP ACTIVITY SECTION

DATE: 10-16-2025 PAGE: 7 OF 10

INVOICE NO: C5W00640

ANALYSIS PERIOD: SEP 2025
PAY CYCLE: (MTH) SEP 2025

2A 177941

BALANCE EVALUATION SUMMARY

		POSITIVE BALANCES		
NET AVG LEDGER BAL	NET AVG AVAIL BAL	AVG POS AVAIL BAL	AVG RATE	EARNINGS CREDIT
15,748,020.57	1,351,633.90	1,351,633.90	3.70	4,110.45

A POSITIVE AVERAGE BALANCE, ADJUSTED FOR RESERVES, OF \$ 28,664,100 IS EQUIVALENT TO THE TOTAL CHARGE OF
BALANCE COMPENSATED SERVICES LISTED BELOW AT ITS AVERAGE EFFECTIVE RATE OF 3.70 %.

SUMMARY OF BALANCE COMPENSATED SERVICES CHARGED

SERV CD	PRODUCT LINE - SERVICE NAME	PRICE TYPE	VOLUME	UNIT PRICE	TOTAL
<u>ACCOUNT SOLUTIONS</u>					
20181036	ACCOUNT MAINTENANCE		3	20.000	60.00
81210349	INTERNAL DEBITS		6	0.530	3.18
81210373	INTERNAL CREDITS		27	0.530	14.31
	TOTAL ACCOUNT SOLUTIONS				77.49
<u>TRANSIT SERVICES</u>					
81210314	DEPOSITED ITEMS		173,297	0.000	0.00
81315280	RETURN EMAIL NOTIFICATION W/ IMAGE		1	10.000	10.00
77000704	ENCODING CHARGE		171,105	0.000	0.00
77005358	CHECKS RE-PRESENTED		81	1.500	121.50
81202877	DEPOSITED ITEMS RETURNED UNPAID		203	5.000	1,015.00
81220859	RETURNED DEPOSIT - DUPLICATE ADVICE		45	3.000	135.00
81284970	IMAGE SELECT - A		3,089	0.020	61.78
81285152	IMAGE SELECT - B		57,798	0.020	1,155.96
81285179	IMAGE SELECT - C		43,299	0.020	865.98
81285314	IMAGE SELECT - D		43,648	0.020	872.96
81285497	IMAGE SELECT - E		4,370	0.020	87.40
81284806	BNY MELLON ON-US		378	0.005	1.89
81285659	IMAGE TIER 2		15,579	0.020	311.58
81285829	IMAGE TIER 3		5,051	0.020	101.02
81284822	CANADIAN CHECKS DEPOSITED		3	0.200	0.60
81285993	REJECTS		4	1.000	4.00
81286000	SUBSTITUTE CHECK CLEARED		6	0.120	0.72
81211442	DEPOSITS		144	1.200	172.80
	TOTAL TRANSIT SERVICES				4,918.19

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DATA REQUEST

KPSC 3_13 Refer to Kentucky Power's response to Staff's Second Request, Item 41.

- a. Explain how Kentucky Power will determine the appropriate contract length for individual qualifying facilities.
- b. Explain whether a contract term of over 5-years and up to 20-years would shift risk to Kentucky Power's ratepayers.
- c. If so, explain how Kentucky Power would alleviate that risk.

RESPONSE

- a. The contract length is not the Company's choosing. The QF requests the contract length.
- b. The Company is uncertain as to the risks referenced by this request. It is possible that there could be price risk if the energy and capacity are not priced at avoided costs. Longer durations reduce flexibility and increase the potential for mismatch between forecasted and actual system requirements, which could result in costs that exceed the value provided to customers.
- c. Again, the Company is uncertain as to the risks referenced by this request. However, the Company is not opposed to aligning the contract term lengths with the Commission's determination in Case Nos. 2020-00349 and 2020-00350, which found a 7-year contract term to be sufficient to achieve the policy goals of PURPA while reasonably balancing risk among ratepayers and developers. By adopting a 7-year term, the Company seeks to alleviate potential long-term exposure to ratepayers while still supporting QF development and financing.

Witness: Michael M. Spaeth

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DATA REQUEST

KPSC 3_14 Refer to Kentucky Power's response to Staff's Second Request, Item 41. Also refer to the Commission's September 24, 2021 Orders in Case Nos. 2020-00349 and 2020-00350.

- a. Explain why the Commission should approve an up to 20-year QF contract term in this proceeding when it explicitly rejected the same contract term in favor of a 7-year QF contract term in Case Nos. 2020-00349 and 2020-00350.
- b. Provide the contract term for each existing special contract that Kentucky Power has with a Qualifying Facility.
- c. Explain whether Kentucky Power is aware of any QFs having issues with obtaining financing due to the length of a contract term.

RESPONSE

- a. The Company's proposal was based on experience with its existing QF customers, some of which have 20-year terms. The Company agrees with the Commission's determination in Case Nos. 2020-00349 and 2020-00350 that a 7-year contract term reasonably balances the interests of ratepayers, developers, and the utility. Accordingly, the Company is not opposed to a 7-year standard to mitigate potential long-term risk to customers while supporting QF development and financing.
- b. The Company has one special contract with a QF that was established for a term of one year and approved in Case No. 2020-00422.
- c. The Company does not track or monitor the financing outcomes of QF developers. Financing decisions are made by the developers and their lenders and are outside the scope of the Company's responsibilities under PURPA.

Witness: Michael M. Spaeth

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DATA REQUEST

KPSC 3_15 Refer to Kentucky Power's response to the Office of the Attorney General and Kentucky Industrial Utility Customer's (Attorney General-KIUC, collectively) First Request for Information (Attorney General-KIUC's First Request), Item 12.

- a. Explain whether Kentucky Power customer service representatives have to take any action to disconnect FlexPay customers whose balance has reached \$0 or whether the disconnection occurs automatically during the set time frame.
- b. If the disconnection occurs automatically with no customer service representative involvement, explain how the system would determine not to disconnect FlexPay customers due to temperatures being forecast to be 32 degrees or below or 95 degrees or higher.

RESPONSE

- a. Disconnection will automatically occur via the AMI metering system on the day following the date when a FlexPay customer's balance decreases to below \$0. The Company's customer service representatives are not involved in the process.
- b. The Company will manually update the billing system for FlexPay customers to place residential disconnections on hold during a temperature moratorium (when temperatures are forecasted to be 32 degrees or below or 95 degrees or higher). This is similar to the process used currently to prevent residential disconnections during a temperature moratorium.

Witness: Stevi N. Cobern

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DATA REQUEST

KPSC 3_16 Refer to Kentucky Power's response to the Attorney General-KIUC's First Request, Item 13.

- a. Identify all payment methods that will be available to FlexPay customers and indicate which ones will cause a customer to incur additional transaction costs.
- b. For each payment method that will cause customers to incur additional fees, explain whether the customer will pay the fee directly to the processing company or whether Kentucky Power would collect the fee.

RESPONSE

- a. Please see the chart below for payment options that will be available to FlexPay customers along with the associated fee if applicable.

	One-Time by Website	Paperless Billing and Pay by Website or Mobile App	In Person	By Mail	By Phone
Fee	\$1.85/Transaction (Residential)	Free when using bank account	Varies by location but for most locations fee is \$1.50/transaction	Postage	\$1.85/Transaction (Residential)

- b. Any fee associated with a payment type is paid directly to the vendor processing the payment.

Witness: Stevi N. Cobern

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DATA REQUEST

KPSC 3_17 Refer to the Direct Testimony of Michele Ross, pages 15-22 and Kentucky Power's response to Staff's Second Request, Item 31.

- a. State what period of time the annualized TIR expense calculated on page 19 of the Direct Testimony of Michele Ross was based on.
- b. State how much of the TIR expense was capitalized, if any.
- c. Provide a yearly breakdown of the transmission and distribution repair expense associated with damage caused by vegetation for the five-year period prior to the initiation of the TOR program and for the period since the TOR program began, as well as inflation-adjusted cost.
- d. Explain how Kentucky Power determined the need for an additional \$18 million in TOR budget.

RESPONSE

a. The annualized TIR expense was calculated using the test year period of June 1, 2024 through May 31, 2025.

b. The capitalized TIR expenses for the test year period are \$1,662,849.

c. Transmission does not keep reports to that level of detail. However, it is possible to track vegetation related expenses during major and minor storms. For this analysis, please see KPCO_R_KPSC_3_17_Attachment1. While Kentucky Power is providing the requested information for transmission repair expense, please note that Kentucky Power is not seeking recovery of these kinds of transmission investments in this proceeding.

Kentucky Power does maintain records of distribution repair expense as requested. However, it is possible to track vegetation related expenses during major and minor storms. For this analysis, please see KPCO_R_KPSC_3_17_Attachment2.

d. The Company identified the TOR Program as a priority because the work performed in the TOR Program provides the highest reliability benefits to customers. The Company has been targeting TOR since 2018. However, additional investments are needed to target a greater portion of the Company's service territory more consistently.

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When analyzing the reliability statistics of Kentucky Power, it is evident that out-of-ROW vegetation (or TOR) is the single greatest cause of outages for customers. Figure MR-2 from Direct Testimony of Company Witness Ross illustrates that 55.39% of Kentucky Power customer CMI in 2024 was due to TOR impacts. The Company determined that \$18 million for the TOR Program for the proforma period was necessary to address line sections that were most prone to vegetation impacts. By doing this incremental work, the Company anticipates further reliability improvements by reducing the number of outages caused by vegetation outside the Company's ROWs. From there, the Company was able to identify line mileage and estimate labor, material, and equipment costs.

Witness: Michele Ross

Witness: Tanner S. Wolfram

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DATA REQUEST

KPSC 3_18 Refer to Refer to the Cullop Direct Testimony, page 16 and Exhibit JDC-6, pages 46-47 of 50. Explain how Kentucky Power determined what percentage (approx. 16.6 percent) to allocate to lobbying activities.

RESPONSE

The allocation of EEI membership dues to lobbying activities is based on information provided by EEI in their annual membership statement. EEI notes how much of their dues are related to industry activities related to influencing legislation and that portion is charged to account 4264 (Political and Legislative Influencing). The invoice will also note the portion related to the Edison Foundation which is charged to account 4261 (Donations). The remaining dues are charged to account 9302 (Miscellaneous General Expenses). Please see the footnotes included in the invoice shown on page 46 of Exhibit JDC-6.

The Company is only requesting recovery of the portion of the invoice charged to account 9302.

Witness: John D. Cullop

Kentucky Power Company
KPSC Case No. 2025-00257
Commission Staff's Third Set of Data Requests
Dated October 23, 2025

DATA REQUEST

KPSC 3_19 Refer to Kentucky Power's responses to Attorney General-KIUC's First Request, Item 51, KPCO_R_AG_KIUC_1_44_Attachment1 (Est. Tax Calc). Explain the difference between the \$13,567,522 and \$15,412,943 calculations.

RESPONSE

Both amounts are the Kentucky property tax expense on the Company's income statement related to its transmission and distribution functions. The \$13,567,522 is the expense during the test year ended May 31, 2025, less items recorded during the test year which relate to prior tax periods. The \$15,412,943 is the expense during calendar year ended December 31, 2024. Please also see the Company's response to AG_KIUC 2_12 for corrected numbers.

Witness: David A. Hodgson

Kentucky Power Company
KPSC Case No. 2025-00257
Commission Staff's Third Set of Data Requests
Dated October 23, 2025

DATA REQUEST

KPSC 3_20 Refer to Kentucky Power's response to Staff's Second Request, Item 94(c). Response is not fully responsive to request. Provide a yearly breakdown of Kentucky Power's natural gas net hedging gains or losses since 2015. Previous response only went back to March 2023, despite loss on incidental gas sales data being included in application going back to 2020.

RESPONSE

KPSC_2_94(c) requested "a yearly breakdown of Kentucky Power's natural gas net hedging gains and losses since 2015". The physical natural gas hedging program commenced in March 2023, which is why the response to KPSC_2_94(c) included information only since 2023. Gains and losses associated with the physical hedging of natural gas contemplates more than just sales. The vast majority of natural gas purchased pursuant to the hedging program has been consumed at the Big Sandy Plant. KPCO_R_KPSC_2_94_Attachment1 provides a more in-depth picture of how the fixed priced purchases have fared against spot market settlements. It is again important to note that the purpose of the hedging program is to mitigate spot market volatility. In a declining market, such as 2023 and 2024, it is likely that spot market purchases (made closer to the day of flow) will be less costly than purchases made many months in advance. However, in a rising market, or when there are periods of significant demand that causes short-term market spikes, purchases made many months in advance will likely be lower in cost than spot market purchases. The intent is to levelize costs and remove as much price risk as possible.

Witness: Clinton M. Stutler

Kentucky Power Company
KPSC Case No. 2025-00257
Commission Staff's Third Set of Data Requests
Dated October 23, 2025

DATA REQUEST

KPSC 3_21 Refer to Kentucky Power's response to Staff's Second Request, Item 43. Explain whether the 1,500-kWh notification threshold will be advertised to customers prior to signing up for the FlexPay program.

RESPONSE

The Company plans to include educational information around the 1,500-kWh notification threshold as part of the customer communication plan to promote FlexPay. Additionally, customer service representatives who offer the program to customers or enroll customers in FlexPay will be trained to explain the threshold to customers seeking to enroll in FlexPay.

Witness: Stevi N. Cobern

Kentucky Power Company
KPSC Case No. 2025-00257
Commission Staff's Third Set of Data Requests
Dated October 23, 2025

DATA REQUEST

KPSC 3_22 Refer to Kentucky Power's response to Staff's Second Request, Item 57. The term "cost-based rates" refers to the customer, energy, and applicable demand charges that make up the revenue necessary for each service class as allocated by the cost-of-service-study. For example, for the allocated customer-related costs for each class, provide what the customer charge would be to recover that cost. Provide the cost-based rates in table format for all classes applicable.

RESPONSE

Please see KPCO_R_KPSC_3_22_Attachment1 for the cost-based rates based on the Company's response to Staff 2-57 and the scenario where no subsidies are received or paid. Please note that for purposes of responding to this data request, the Company has calculated a standard residential tariff (a single basic service charge coupled with a single energy charge) as well as a standard residential demand rate tariff which encompasses a single customer charge, demand charge, and a single energy charge in order to recover demand-related costs. It is important to note that the resultant rates presented herein have not been compared to typical bills and would not be and have not been presented as proposed rates in the Company's as-filed case.

Witness: Michael M. Spaeth

Kentucky Power Company
KPSC Case No. 2025-00257
Commission Staff's Third Set of Data Requests
Dated October 23, 2025

DATA REQUEST

KPSC 3_23 Explain in detail whether Kentucky Power has considered using seasonal rates for the high-use residential customers. Additionally, provide the pros and cons for a seasonal rate for high-use residential customers.

RESPONSE

Yes, the Company has considered using seasonal rates for high-use residential customers and proposed such a residential rate design in its most recent rate case, Case No. 2023-00159. The Direct Testimony of Company Witness Spaeth in that case explains the Company's proposal for an optional seasonal provision that offered lower winter rates to help mitigate impacts to high-use customers in the winter months. The Commission ultimately denied the Company's proposal in that proceeding. The Company also proposed a declining winter heating block residential rate as part of its 2020 base rate case in Case No. 2020-00174. The Commission also denied that proposal in the final order in that proceeding.

Generally, the benefits of seasonal rates for high-use residential customers are reduced bill volatility in the high usage months, and bills that are more stable throughout the year. A perceived negative could be that, to create that stability, the rates may be designed to collect a higher amount in shoulder months to cover the reduced rate in the winter and/or summer months. A seasonal rate structure, in theory, could also disincentivize reductions in usage during peak months because the seasonal rate structure creates more consistent bills across all months.

Considering the Commission's denials of the seasonal rate structures proposed by the Company in the past, and the above considerations, the Company proposes its new residential rate design because it provides rate stability with a clear price signal to reduce usage via the two-tiered customer charge. The proposed residential rate design protects extreme high-usage customers who cannot reduce usage under 2,000 kWh by providing reduced variable rates above 600 kWh of usage. At the same time, the increase in customer charge at 2,000 kWh provides an incentive to customers to reduce usage to stay under the 2,000 kWh customer charge threshold to avoid the higher customer charge.

Witness: Tanner S. Wolffram

Kentucky Power Company
KPSC Case No. 2025-00257
Commission Staff's Third Set of Data Requests
Dated October 23, 2025

DATA REQUEST

KPSC 3_24 Refer to Case No. 2025-00059.

- a. Confirm whether Kentucky Power still expects to issue \$300 million for the refinancing of two \$150 million term loans given that Kentucky Power stated the issuance will likely not occur if the securitization occurred and was not delayed.
- b. Provide whether Kentucky Power has issued any indebtedness related to its financing approval in Case No. 2025-00059. If so, provide the amount and terms of the indebtedness.
- c. Provide whether any indebtedness related to Case No. 2025-00059 was included in the application or any analysis in this proceeding.

RESPONSE

Refer to the Direct Testimony of Company Witness Messner at page 5, lines 11-19, page 6, lines 1-5 and page 6, Figure FDM-2 which describe the Company's June 12, 2025 securitization bond issuance, subsequent repayment of the two \$150 million term loans with the securitization proceeds, and adjusted capital structure.

Included in the \$600 million long-term debt financing authority requested in Case No. 2025-00059 was \$300 million for repayment of the two \$150 million term loans if the securitization bonds were not issued and another \$300 million for general corporate purposes. The Company sought the approvals requested in Case No. 2025-00059 out of an abundance of caution in the event that the securitization bonds were not issued. To that end, the application in Case No. 2025-00059 was filed on March 12, 2025, and the securitization bonds were not issued until June 12, 2025.

Because the securitization bonds were issued, the securitization proceeds were then used to repay the term loans. As such, the Company has not issued any indebtedness related to its financing approval in Case No. 2025-00059.

Witness: Franz D. Messner

VERIFICATION

The undersigned, Stevi N. Cobern, being duly sworn, deposes and says she is a Regulatory Consultant Principle 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.

Stevi N. Cobern

Stevi N. Cobern

Commonwealth of Kentucky)

)

Case No. 2025-00257

County of Boyd)

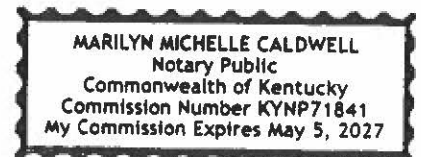
)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Stevi N. Cobern, on October 29, 2025.

Marilyn Michelle Caldwell
Notary Public

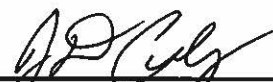
My Commission Expires May 5, 2027

Notary ID Number KYNP71841



VERIFICATION

The undersigned, John D. Cullop, being duly sworn, deposes and says he is the Regulatory Consultant Senior for Kentucky Power, 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.



John D. Cullop

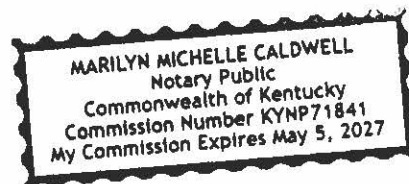
Commonwealth of Kentucky)
)
County of Boyd)

Case No. 2025-00257

Subscribed and sworn to before me, a Notary Public in and before said County
and State, by John D. Cullop, on 10/27/2025.



Marilyn Michelle Caldwell
Notary Public



My Commission Expires May 5, 2027

Notary ID Number KYNP71841

VERIFICATION

The undersigned, David A. Hodgson, being duly sworn, deposes and says he is the Managing Director, Tax Accounting and Regulatory 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.

David A. Hodgson
David A. Hodgson

State of Ohio)
)
County of Franklin)

Case No. 2025-00257

Subscribed and sworn to before me, a Notary Public in and before said County
and State, by David A. Hodgson, on 10/31/25.

[Signature]
Notary Public

My Commission Expires Never

Notary ID Number NC ID



Paul D. Flory
Attorney At Law
Notary Public, State of Ohio
My commission has no expiration date
Sec. 147.03 R.C.

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.

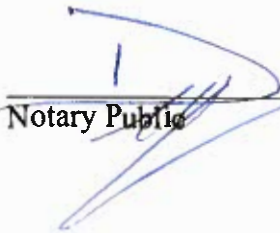


Franz D. Messner

State of Ohio

)
)
)
Case No. 2025-00257

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Franz D. Messner, on October 28, 2025



Notary Public

My Commission Expires _____

Notary ID Number _____



David C. House, Attorney At Law
NOTARY PUBLIC - STATE OF OHIO
My commission has no expiration date
Sec. 147.03 R.C.

VERIFICATION

The undersigned, Michele Ross, being duly sworn, deposes and says she is a Vice President of Distribution Region Operations 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.



Michele Ross

Commonwealth of Kentucky)

)

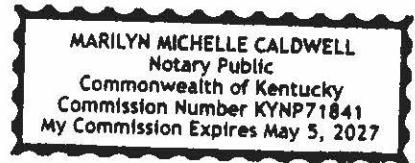
Case No. 2025-00257

County of Boyd)

)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Michele Ross, on October 31, 2025.


Notary Public

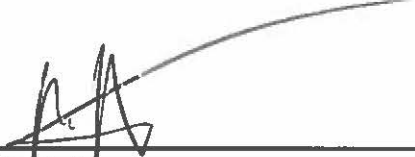


My Commission Expires May 5, 2027

Notary ID Number KYNP71841

VERIFICATION

The undersigned, Michael M. Spaeth, being duly sworn, deposes and says he is the Regulatory Pricing and Analysis Manager 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.



Michael M. Spaeth

State of Ohio)
)
County of Franklin) Case No. 2025-00257

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Michael M. Spaeth, on November 3, 2025.



Notary Public

My Commission Expires N/A

Notary ID Number _____



BRETT E. SCHMIED, Attorney At Law
NOTARY PUBLIC - STATE OF OHIO
My commission has no expiration date
Sec. 147.03 R.C.

VERIFICATION

The undersigned, Clinton M. Stutler, being duly sworn, deposes and says he is the Director of Natural Gas Procurement 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.

Signed by:

Clinton M. Stutler

D08113A50D0847D

Clinton M. Stutler

Commonwealth of Kentucky)

)

Case No. 2025-00257

County of Boyd)

)

Subscribed and sworn to before me, a Notary Public in and before said County
and State, by Clinton M. Stutler, on 10/29/2025 | 11:02 AM EDT.

Signed by:

Michelle Caldwell

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Notary Public

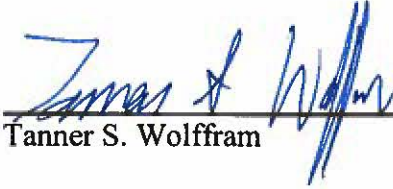
MARILYN MICHELLE CALDWELL
ONLINE NOTARY PUBLIC
COMMONWEALTH OF KENTUCKY
Commission #KYNP71841
My Commission Expires 5/5/2027

My Commission Expires May 5, 2027

Notary ID Number KYNP71841

VERIFICATION

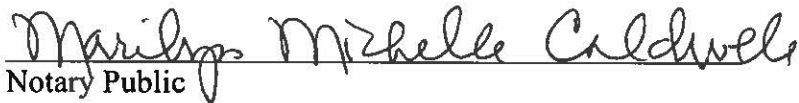
The undersigned, Tanner S. Wolffram, being duly sworn, deposes and says he is the Director of Regulatory Services for Kentucky Power, that he has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of his information, knowledge, and belief.

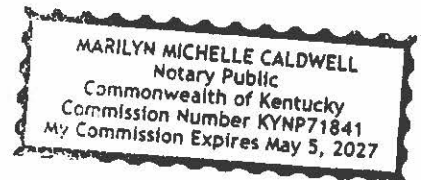

Tanner S. Wolffram

Commonwealth of Kentucky)
)
County of Boyd)

Case No. 2025-00257

Subscribed and sworn to before me, a Notary Public in and before said County
and State, by Tanner S. Wolffram, on October 31, 2025.


Notary Public



My Commission Expires May 5, 2027

Notary ID Number KYNP71841