

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 CERTAIN)
REGULATORY AND ACCOUNTING)
TREATMENTS; AND (4) ALL OTHER)
REQUIRED APPROVALS AND RELIEF)**

CASE NO. 2025-00257

**DIRECT TESTIMONY
AND EXHIBITS
OF
RANDY A. FUTRAL**

**ON BEHALF OF THE
OFFICE OF THE ATTORNEY GENERAL OF THE COMMONWEALTH OF
KENTUCKY AND THE
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.**

**J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA**

NOVEMBER 17, 2025

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CASE NO. 2025-00257

DIRECT TESTIMONY OF RANDY A. FUTRAL

I. QUALIFICATIONS AND SUMMARY

1 **Q. Please state your name and business address.**

2 A. My name is Randy A. Futral. My business address is J. Kennedy and Associates, Inc.
3 (Kennedy and Associates), 570 Colonial Park Drive, Suite 305, Roswell, Georgia
4 30075.

5 **Q. What is your occupation and by whom are you employed?**

6 A. I am a utility rate and planning consultant holding the position of Director of
7 Consulting with the firm of Kennedy and Associates.

8 **Q. Please describe your education and professional experience.**

9 A. I earned a Bachelor of Business and Science degree in Business Administration with
10 an emphasis in Accounting from Mississippi State University. I have held various
11 positions in the field of accounting for a period of over 40 years, both as an employee

1 and more recently as a consultant. My experience has been focused in the areas of
2 accounting, auditing, tax, budgeting, forecasting, financial reporting, and
3 management.

4 Since 2003, I have been a consultant with Kennedy and Associates, providing
5 services to state government agencies and large consumers of utility services in the
6 ratemaking, financial, tax, accounting, and management areas.

7 From 1997 to 2003, I served both as the Corporate Controller and Assistant
8 Controller of Telscape International, Inc., an international public company providing
9 telecommunication and high-end internet access services. My tenure with Telscape
10 included responsibilities in the areas of accounting, financial reporting, budgeting,
11 forecasting, banking, and management.

12 From 1988 to 1997, I was employed by Comcast Communications, Inc., then
13 the world's third largest cable television provider, in a series of positions including
14 Regional Controller for their South Central regional office. My duties with Comcast
15 encompassed various accounting, tax, budgeting, forecasting, and managerial
16 functions.

17 From 1984 to 1988, I held various staff and senior level accounting positions
18 for both public accounting and private concerns focusing in the areas of accounting,
19 budgeting, tax, and financial reporting.

20 I have testified as an expert on ratemaking, accounting, finance, tax, and other
21 issues in proceedings before regulatory commissions at the federal and state levels on
22 numerous occasions. I have also acted as the lead expert in numerous proceedings
23 involving audits of Louisiana fuel adjustment clauses, environmental adjustment

1 clauses, purchase gas adjustment clauses, energy efficiency rider filings, and formula
2 rate plan filings resulting in written reports that were ultimately approved by the
3 Louisiana Public Service Commission.

4 I previously testified before the Kentucky Public Service Commission
5 (Commission) as a witness in the last two Duke Energy Kentucky, Inc. (DEK) base
6 rate proceedings for its electric division in Case Nos. 2022-00372 and 2024-00354, in
7 a Water Service Corporation of Kentucky (Water Service Kentucky) base rate
8 proceeding in Case No. 2022-00147, in a Kentucky Power Company (KPC or
9 Company) fuel adjustment clause proceeding in Case No. 2022-00263, in a Licking
10 Valley Rural Electric Cooperative Corporation base rate proceeding in Case No. 2024-
11 00211, in an Atmos Energy Corporation (Atmos) base rate proceeding in Case No.
12 2024-00276, and in a South Kentucky Rural Electric Cooperative Corporation
13 (SKRECC) base rate proceeding in Case No. 2024-00402. I also filed Direct
14 Testimony in a Kenergy Corporation base rate proceeding in Case No. 2023-00276
15 and in a KPC purchased power adjustment tariff update proceeding in Case No. 2023-
16 00318, both of which were decided by the Commission in lieu of formal hearings.
17 Finally, I filed Direct Testimony in the pending Kentucky Utilities Company (KU)
18 and Louisville Gas and Electric Company (LG&E) base rate proceedings in Case Nos.
19 2025-00113 and 2025-00114, in the pending DEK gas division base rate proceeding
20 in Case No. 2025-00125, and in the pending East Kentucky Power Cooperative, Inc.
21 (EKPC) base rate proceeding in Case No. 2025-00208. I have also assisted counsel for
22 the Office of the Attorney General of the Commonwealth of Kentucky and Kentucky
23 Industrial Utilities Customers, as well as other Kennedy and Associates' experts, in

1 numerous other proceedings before the Commission, including base rate (electric, gas,
2 and water), fuel adjustment clause, and acquisition proceedings involving DEK, Water
3 Service Kentucky, KPC, Kentucky-American Water Company, Atmos, Columbia Gas
4 of Kentucky, Inc., KU, LG&E, Big Rivers Electric Corporation, Jackson Purchase
5 Energy Corporation, SKRECC, and EKPC.¹

6 **Q. On whose behalf are you testifying?**

7 A. I am providing testimony on behalf of the Office of the Attorney General of the
8 Commonwealth of Kentucky (AG) and Kentucky Industrial Utility Customers, Inc.
9 (KIUC). The AG and KIUC (AG-KIUC) have been active participants in all
10 significant KPC rate, planning, and certification proceedings for many years.

11 **Q. What is the purpose of your testimony?**

12 A. The purpose of my testimony is to address and make recommendations on specific
13 issues that affect the base revenue requirement of KPC in this proceeding.

14 **Q. Please summarize your testimony.**

15 A. First, I recommend that the Commission disallow the Company's request to include
16 an additional \$18 million to be spent after the end of the test year for the proposed
17 expansion of its trees outside the right-of-way (TOR) program. This represents an
18 increase to rate base and the related depreciation expense for projected capital
19 expenditures from June 1, 2025 through May 31, 2026, which is a full year after the
20 end of the Company's historic test year ended May 31, 2025. The Company decided
21 to file its case using a historic test year and should not be allowed to cherry-pick the

¹ My qualifications are further detailed in Exhibit RAF-1.

1 addition of this one program expansion with forecast expenditures well outside of the
2 historic test year.

3 Second, I recommend that the Commission disallow all incentive
4 compensation expense tied to financial performance metrics. Such expenses fall
5 clearly within the disallowance precedent and should be allocated to shareholders and
6 not recovered from customers.

7 Third, I recommend that the Commission remove all Supplemental Executive
8 Retirement Plan (SERP) expense included in the revenue requirement in keeping with
9 prior precedent and to prevent ratepayers from being held responsible for certain
10 highly compensated executives' retirement benefits in addition to the benefits
11 otherwise available through the American Electric Power (AEP) pension and other
12 postretirement benefit plans.

13 Fourth, I recommend that the Commission follow established precedent and
14 remove the matching 401(k) retirement plan contributions expense for those
15 employees who also participated in a defined benefit pension plan.

16 Fifth, I recommend that the Commission correct the amount of property tax
17 expenses included in the revenue requirement that were calculated by the Company in
18 response to discovery.

19 Sixth, I recommend that the Commission treat the pension settlement
20 accounting expenses and applicable to AEPSC employees the same as KPC treated
21 identical costs for its own employees. The Company confirmed that this expense was
22 non-recurring in nature, and there is no reason to exclude the removal of known non-
23 recurring items from the revenue requirement. I recommend the deferral of 100% of

1 the applicable expenses to a regulatory asset and the amortization of that regulatory
2 asset amount over twelve years.

3 Seventh, I recommend that the Commission follow its own established
4 precedent and disallow all dues paid to certain organizations that participate in
5 activities such as advertising, marketing, legislative policy research, regulatory policy
6 research, lobbying, and legislative advocacy.

7 Eighth, I recommend that the Commission correct an admitted filing error in
8 the short-term debt portion of the weighted cost of capital determination included in
9 the Company's application.

10 II. RATE BASE

11 **A. Remove Projected Post-Test Year Capital Additions Associated with the** 12 **Requested Expansion of the Company's TOR Program**

13 **Q. Describe the Company's request for recovery in conjunction with its proposed** 14 **TOR program expansion.**

15 A. The Company included a proforma adjustment (W50-Rate Base & Capitalization) to
16 add \$18.0 million in distribution capital plant-in-service to rate base and \$0.585
17 million to depreciation expense for "known and measurable increases to expand the
18 Company's TOR program."² Details supporting the Company's proposal can be found
19 in KPC witness Ross's Direct Testimony Exhibit MR-4. Page 4 of 6 of that exhibit
20 shows that KPC projects capital expenditures for the TOR program of \$9.291 million
21 from June 1, 2025 through December 31, 2025 and another \$8.709 million from
22 January 1, 2026 through May 31, 2026. May 31, 2026 is a full year after the end of the

²Direct Testimony of Michele Ross at 20-21.

1 Company's historic test year, which is the twelve months ended May 31, 2025, in this
2 proceeding.

3 **Q. Is the Company's TOR program still considered a pilot program?**

4 A. No. Company witness Ross describes the TOR pilot program that began as part of
5 KPC's 2018 Vegetation Management Plan in order to address the outside of the right-
6 of-way trees.³ She also states that, "Following the successful pilot program, the
7 Company expanded the TOR Program to additional circuits across all service districts
8 based on circuit performance."⁴ The Company already expanded its TOR program and
9 there has been no preclusion by the Commission to do so. The Commission has not
10 limited the amount that can be invested and capitalized to plant as part of the TOR
11 program. Absent the proposal to include all TOR program capital investment costs one
12 full year after the end of the historic test year, there is no requirement to request
13 authorization to invest more capital dollars in the program.

14 **Q. What has been the average capital investment spend for the TOR program**
15 **through the end of 2024?**

16 A. KPC witness Ross presents the capital investment each year from 2017 through 2024
17 on Figure MR-4 on page 16 of her Direct Testimony. There was no investment in 2017
18 as the TOR pilot program started in 2018. The average annual capital investment for
19 the TOR program for the seven years 2018 through 2024 amounted to \$7.210 million.
20 The base funding capital budget for 2025 included \$6 million in additional capital
21 investments according to Ross Exhibit MR-4, page 4 of 6. The Company's proposal

³ *Id.* at 19.

⁴ *Id.*

1 to add \$18.0 million in capital investment after the end of the test year represents all
2 projected capital investments for the one-year period after the end of the test year, not
3 just the incremental amount above previous annual investment amounts.

4 **Q. Did the Commission have concerns with select forecast capital expenditures in**
5 **the last rate case?**

6 A. Yes. In Case No. 2023-00159, the Company proposed a Distribution Reliability Rider
7 (DRR) to request authorization and recovery for distribution expenditures including
8 an expansion of its TOR pilot program.⁵ While the Commission applauded the early
9 success of the TOR pilot program in its Order in that proceeding, it ultimately denied
10 the Company's request for the DRR.⁶ The Commission suggested that the Company
11 could seek adjustments in rates using a forecasted test year in order to reflect projected
12 increases in capital spending on distribution projects.⁷ The Company, however, chose
13 to file its application in this base rate proceeding using a historic test year.

14 **Q. Did the Company propose a reduction to capital costs or operations and**
15 **maintenance (O&M) expenses in the test year due to the proposed expansion of**
16 **its TOR program?**

17 A. No. Even though KPC witness Ross recognized that the reduction of "outages caused
18 by trees outside the right-of-way can lower capital and O&M costs across several
19 areas,"⁸ the Company proposed no such cost reductions in the test year due to the
20 proposed expansion of its TOR program.

⁵ *In Re Electronic Application of Kentucky Power Company for a General Adjustment of Its Rates for Electric Service, etc.*, Case No. 2023-00159, Final Order dated January 19, 2024, pp. 72-78.

⁶ *Id.*

⁷ *Id.*

⁸ Direct Testimony of Michele Ross at 22.

1 **Q. What is your recommendation?**

2 A. I recommend that the Commission disallow the Company's request to include capital
3 investment projected for June 1, 2025 through May 31, 2026 for the TOR program.
4 This amount does not represent just the incremental spending for that period of an
5 expansion in the TOR program. Instead, it represents all projected capital investment
6 for the one year after the end of the historic test year. The Company could have chosen
7 to file its application based on a projected test year but chose to file it based on a
8 historic test year. The Company's proposal represents the cherry-picking of projected
9 dollars in one capital investment program without the reflection of the effects from all
10 other revenue requirement changes in a true forecast test year, including potential cost
11 savings.

12 **Q. What is the effect of your recommendation?**

13 A. The effect is a reduction of \$2.233 million in the claimed revenue requirement and
14 requested base rate increase. This amount includes a reduction of the return on the
15 proposed additional capital investment of \$1.646 million, the reduction of depreciation
16 expense of \$0.585 million, and the associated gross up for bad debt expense and PSC
17 fees.

18 **III. OPERATING EXPENSES**

19 **A. Exclude Incentive Compensation Expense Tied to Financial Performance In**
20 **Accordance with Commission Precedent**

21 **Q. Describe the Company's request for recovery of incentive compensation expense**
22 **tied to AEP's financial performance.**

1 A. The Company included \$1.834 million in incentive compensation expense tied to
2 AEP's financial performance, consisting of \$0.967 million incurred pursuant to the
3 AEP Long Term Incentive (LTI) plan and \$0.867 million incurred pursuant to the AEP
4 Annual Incentive Compensation Plan (ICP).⁹

5 **Q. Describe the AEP LTIP incentive compensation expense.**

6 A. The AEP LTI plan was implemented to incentivize AEP executives and managers to
7 enhance shareholder value. If AEP executives and managers achieve or exceed the
8 LTI plan target metrics for total shareholder returns (TSR) and earnings per share
9 (EPS), they are rewarded with additional compensation.

10 The LTI plan incentive compensation consisted of performance share
11 incentives (PSIs) and restricted stock units (RSUs) during the test year. 93% of the
12 LTI plan PSI incentive compensation expense in the test year was due to achieving
13 AEP's EPS and TSR target metrics, both of which are measures of AEP's financial
14 performance.¹⁰ 7% of the LTI plan PSI incentive compensation expense in the test
15 year was due to achieving AEP's strategic goals, which include a variety of non-
16 financial performance metrics.¹¹ The LTI plan RSU incentive compensation is based
17 on the stock price of AEP at the grant date.¹² The stock price, by definition, is a
18 measure of AEP's financial performance. Positive EPS and TSR will tend to increase
19 the stock price for the stock awards for the grant recipients. In addition, dividend

⁹ The calculations are detailed in the electronic workpapers filed coincident with AG-KIUC witness Kollen's testimony at worksheet tab Incentive Comp. Sources of data include application at Section V Exhibit 2 Adjustment WP 30, KPC's responses to AG-KIUC 1-28, 1-29, and 1-31, and to KPSC Staff 2-85. I have attached a copy of the narrative portions of these responses and the attachments as my Exhibit RAF-2.

¹⁰ Attachments 1 and 2 to KPC's response to AG-KIUC 1-29. Refer to Exhibit RAF-2.

¹¹ *Id.*

¹² Attachment 3 to KPC's response to AG-KIUC 1-25 at page 13 of 132 at Section 6.03 Option Price.

1 payments are available to the recipients of the stock grants based on the financial
2 success of AEP.

3 **Q. Describe the AEP ICP incentive compensation expense.**

4 A. The AEP ICP was implemented to reward employees for achieving or exceeding
5 targets for AEP's EPS as well as certain operations and safety metrics, weighted just
6 over 30.5% to AEP's EPS and just under 69.5% to the other target metrics based on a
7 blended rate during 2024 and 2025.¹³

8 **Q. Should the Commission include the AEP LTI plan and ICP incentive**
9 **compensation expense tied to AEP's financial performance in the Company's**
10 **revenue requirement?**

11 A. No. I recommend that these expenses be disallowed. The Commission historically has
12 disallowed and removed incentive compensation expenses from the revenue
13 requirement that were incurred to incentivize the achievement of shareholder goals as
14 measured by financial performance, not incurred to incentivize the achievement of
15 customer and safety goals. That is because the achievement of AEP LTI plan and ICP
16 target metrics tied to financial performance benefits shareholders to the detriment of
17 customers in rate proceedings such as this. Nearly all of the AEP LTI plan and just
18 over 30.5% of the AEP ICP expenses were incurred in the test year to achieve
19 shareholder goals and not incurred to achieve customer and/or other strategic and
20 societal goals, such as safety.

¹³ KPC's response to KPSC Staff 2-85 and AG-KIUC 1-28 Attachment 1. Refer to Exhibit RAF-2.

1 In its Order in a recent Company base rate proceeding, the Commission
2 specifically disallowed incentive compensation expense incurred to achieve
3 shareholder goals. In its discussion related to the disallowance, the Commission stated:

4 The Commission disallows recovery costs for compensation tied to financial
5 objectives, such as earnings growth or earning per shares, because
6 shareholders, but not ratepayers, receive primary, if not exclusive, benefit from
7 financial objectives in the form of higher return on their investment. Such costs
8 are disallowed based upon Commission precedent that, unless a utility can
9 establish by substantial evidence that financial objectives benefit the utility's
10 ratepayers, ratepayers should not pay for expenses that primarily benefit
11 shareholders.¹⁴

12 Likewise, in its Order in another Company base rate proceeding, the
13 Commission specifically disallowed incentive compensation expense tied to EPS or
14 other earnings measures. In its discussion related to the disallowance, the Commission
15 stated:

16 Incentive criteria based on a measure of EPS, with no measure of improvement
17 in areas such as service quality, call-center response, or other customer-focused
18 criteria are clearly shareholder oriented. As noted in Case No. 2013-00148, the
19 Commission has long held that ratepayers receive little, if any, benefit from
20 these types of incentive plans. It has been the Commission's practice to
21 disallow recovery of the cost of employee incentive plans that are tied to EPS
22 or other earnings measures and we find that Kentucky Power's argument to the
23 contrary does nothing to change this holding as it is unpersuasive.¹⁵
24

25 KPC's last base rate case, Case No. 2023-00159, was the subject of a
26 settlement between some of the parties. The settlement included the removal of
27 incentive compensation tied to financial performance from the revenue requirement.
28 The Commission's Order from that proceeding described the Commission's

¹⁴ *In Re Electronic Application of Kentucky Power Company for a General Adjustment of Its Rates for Electric Service, etc.*, Case No. 2020-00174, Final Order dated January 13, 2021, p. 14.

¹⁵ *In Re Electronic Application of Kentucky Power Company for a General Adjustment of Its Rates for Electric Service, etc.*, Case No. 2014-00396, Final Order dated June 22, 2015, p. 25.

1 acceptance of many of the specific terms from the settlement, including the removal
2 of the incentive compensation tied to financial performance from the revenue
3 requirement.¹⁶

4 The question for ratemaking purposes is not whether the incentive
5 compensation expense tied to financial performance metrics is reasonable, but whether
6 customers or shareholders should pay for the expense. The Commission historically
7 has allocated incentive compensation expenses incurred to incentivize the
8 achievement of financial performance metrics, such as EPS and TSR, to shareholders
9 and not to customers. Incentive compensation incurred to incentivize AEP financial
10 performance also provides eligible directors and officers a direct incentive to seek
11 greater and more frequent rate increases from customers in order to improve AEP's
12 stock price. The greater the rate increases and revenues, the greater AEP's stock price,
13 all else equal, and the greater the incentive compensation expense. There is an inherent
14 conflict between achieving lower rates for customers on the one hand and achieving
15 greater financial performance for shareholders and greater incentive compensation for
16 department directors and officers on the other hand. Thus, all financial performance
17 based incentive compensation expense should be allocated to shareholders, not to
18 customers.

19 In summary, the Company's requests for recovery of LTI plan and ICP expense
20 tied to EPS and total shareholder return fall clearly within the disallowance precedent
21 and should be allocated to shareholders and not recovered from customers.

¹⁶ *In Re Electronic Application of Kentucky Power Company for a General Adjustment of Its Rates for Electric Service, etc.*, Case No. 2023-00159, Final Order dated January 19, 2024, p. 26.

1 **Q. What is the effect of your recommendation?**

2 A. The effect is a reduction of \$1.842 million in the claimed revenue requirement and
3 requested base rate increase, including the removal of \$1.834 million in incentive
4 compensation expense and the gross up for bad debt expense and PSC fees.

5 **B. Exclude Supplemental Executive Retirement Plan (SERP) Expense In**
6 **Accordance with Commission Precedent**

7 **Q. Describe the SERP expense included in the test year base revenue requirement.**

8 A. The Company included \$0.143 million in SERP expense for both the direct expense
9 incurred for its employees and the indirect expense incurred through affiliate charges
10 from AEP Service Corporation (AEPSC).¹⁷

11 These expenses are incurred to provide certain highly compensated executives
12 retirement benefits in addition to the benefits otherwise available through the
13 American Electric Power pension and other postretirement benefit plans. These are
14 considered to be non-qualified plans because the additional compensation exceeds
15 deductible compensation limits set forth in the Internal Revenue Code.

16 **Q. Has the Commission previously disallowed SERP expense?**

17 A. Yes. The Commission stated in Case No. 94-355:

18 The Attorney General's second adjustment would reduce expenses
19 by \$41,789 for SERP costs directly incurred by Cincinnati Bell
20 because the Commission has previously removed from cost of
21 service the cost of plans when benefits for highly compensated
22 employees exceed the pension plan for all employees. Not
23 surprisingly, we find the adjustment should be accepted.¹⁸

¹⁷ KPC's response to AG-KIUC 1-32. I have provided a copy of that response as my Exhibit RAF-3.

¹⁸ *In Re Application of Cincinnati Bell Telephone Co., Case No. 94-355, p. 16. See also, In Re Application of Louisville Gas & Electric Co., Case No. 90-158, Final Order dated Dec. 21, 1990, p. 27.*

1 The policy rationale for exclusion of SERP costs is the same as that cited by
2 the Commission more recently to deny recovery of 401(k) plan matching contributions
3 that a utility makes on behalf of employees who also participate in a defined benefit
4 plan.¹⁹ For example, in Case No. 2016-00169,²⁰ the Commission stated: “The
5 Commission believes all employees should have a retirement benefit, but finds it
6 excessive and not reasonable that Cumberland Valley continues to contribute to both
7 a defined-benefit pension plan as well as a 401(k) plan for salaried employees.”²¹

8 In this proceeding, the Company’s desire to recover SERP expenses from
9 customers, instead of shareholders, is in contradiction to the Commission’s prohibition
10 against recovery of excessive expenses incurred pursuant to multiple retirement plans.
11 The Commission’s existing policy of excluding expenses for multiple supplemental
12 retirement programs available to salaried employees is even more crucial in the context
13 of SERP, which is available exclusively to highly-compensated executives.

14 **Q. Did the Commission disallow SERP expense in Case No. 2020-00174?**

15 A. Yes. In its Order in the case, the Commission stated:²²

16 In Case No. 2017-00179, Kentucky Power’s SERP expense was included in
17 the non-unanimous settlement revenue requirement. In deference to the
18 settlement, the Commission allowed recovery of the SERP expense. However,
19 the Commission typically disallows SERP costs when retirement plan
20 expenses offered exclusively to certain highly-compensated employees exceed
21 the cost of pension plans for all employees because, absent substantial evidence
22 to the contrary, retirement plans that benefit highly-compensated employees
23 without providing a benefit to ratepayers are the type of costs the Commission
24 finds should not be borne by ratepayers. (*footnotes omitted*).

¹⁹ See, e.g., *In Re Electronic Application of Louisville Gas & Elec. Co. for an Adjustment of Rates, etc.*, Case No. 2016-00371, Final Order dated June 22, 2017, pp. 16-17.

²⁰ *In Re Application of Cumberland Valley Electric, Inc. for a General Adjustment of Rates*, Case No. 2016-00169, Final Order dated Feb. 6, 2017, p. 10.

²¹ *Id.* at 10.

²² *In Re Electronic Application of Kentucky Power Company for a General Adjustment of Its Rates for Electric Service, etc.*, Case No. 2020-00174, Final Order dated January 13, 2021, p. 16.

1

2 **Q. Did the Commission provide justification on the disallowance of SERP expense**
3 **in its Order in Case No. 2023-00159?**

4 A. Yes. As noted above, KPC's last base rate case, Case No. 2023-00159, was the subject
5 of a settlement between the parties. The settlement included the removal of SERP
6 expense from the revenue requirement. The Commission's Order from that proceeding
7 described the Commission's acceptance of many of the specific terms from the
8 settlement, including the removal of the SERP expense from the revenue requirement.
9 It described the acceptance of the SERP settlement term to remove all such expense
10 as follows.²³

11 The Commission finds that the adjustment in the Settlement should be accepted
12 because, as noted above, Commission precedent supports the exclusion of the
13 SERP expense. The Commission reiterates that retirement plans that benefit
14 highly compensated employees without providing a benefit to ratepayers are
15 the type of costs the Commission finds should not be borne by ratepayers.

16 **Q. What is your recommendation?**

17 A. I recommend that the Commission disallow SERP expense for the reasons that it has
18 cited in prior Orders.

19 **Q. What is the effect of your recommendation?**

20 A. The effect is a reduction of \$0.144 million in the claimed revenue requirement and
21 requested base rate increase, including the removal of SERP expense of \$0.143 million
22 and the gross up for bad debt expense and PSC fees.

23 **C. Reduce Employee Retirement Benefits Expense to Reflect Commission Precedent**

²³ *In Re Electronic Application of Kentucky Power Company for a General Adjustment of Its Rates for Electric Service, etc.*, Case No. 2023-00153, Final Order dated January 19, 2024, p. 28.

1 **Q. Describe the disallowance of certain retirement benefits expense by the**
2 **Commission in Case Nos. 2016-00169, 2016-00370, and 2016-00371.**

3 A. In those Orders, the Commission disallowed certain retirement plan expenses for those
4 employees who participated in both a defined benefit pension plan and received
5 matching contributions pursuant a 401(k) retirement plan.²⁴

6 **Q. Did the Commission disallow similar costs in a previous KPC rate case, Case No.**
7 **2020-00174?**

8 A. Yes. The Commission made the following statements in its Order in that case:²⁵

9 In Case No. 2017-00179 and in this proceeding, Kentucky Power testified that
10 the contributions to the 401(k) and cash balance formula pension were
11 designed so that, taken individually, the contributions are less than would be
12 required to provide a market competitive retirement benefit, but, taken
13 together, are market competitive. However, the Commission finds that
14 Kentucky Power has not provided substantial evidence to support this
15 assertion. For this reason, the Commission has reduced jurisdictional 401(k)
16 savings plan expense by \$1,684,045.
17

18 To support the quantification of the disallowance in that case, the Commission
19 relied upon the response to a post hearing data request.²⁶ That response indicated in
20 part the following:

21 In accordance with this ‘swirl cone’ design, all employees who participate in
22 the 401(k) plan also participate in the cash balance pension formula and the
23 entire amount of 401(k) matching contributions shown in a. above was

²⁴ *In Re Application of Cumberland Valley Electric, Inc. for a General Adjustment of Rates*, Case No. 2016-00169, Final Order dated Feb. 6, 2017, pp. 9-10. *In Re Electronic Application of Kentucky Utilities Company. for an Adjustment of Rates, etc.*, Case No. 2016-00370, Final Order dated June 22, 2017, pp. 13-15. *In Re Electronic Application of Louisville Gas & Elec. Co. for an Adjustment of Rates, etc.*, Case No. 2016-00371, Final Order dated June 22, 2017, pp. 16-17.

²⁵ *In Re Electronic Application of Kentucky Power Company for a General Adjustment of Its Rates for Electric Service, etc.*, Case No. 2020-00174, Final Order dated January 13, 2021, pp. 17-18.

²⁶ KPC’s response to Post Hearing Data Request Staff_PH_003 in Case No. 2020-00174. KPC attached a copy of this response as an attachment to its response to AG-KIUC 2-11 in this proceeding. I have attached a copy of the entire response to AG-KIUC 2-11 as my Exhibit RAF-4.

1 provided for employees who also participated in the cash balance pension
2 formula.

3 The amount disallowed by the Commission in Case No. 2020-00174
4 represented 100% of the Company's 401(k) match expense.

5 **Q. Did the Commission authorize a similar disallowance of all such 401(k) match**
6 **expense in its Order in KPC's Case No. 2023-00153?**

7 A. Yes. As noted above, this proceeding was the subject of a settlement between the
8 parties. The settlement included the removal of 100% of the 401(k) match expense
9 from the revenue requirement. The Commission's Order from that proceeding
10 provided justification in agreement with the settlement term.²⁷

11 **Q. Does testimony filed in this case indicate that all employees still are eligible to**
12 **participate in the 401(k) plan as well as the Company's pension plan?**

13 A. For the most part, yes. However, there are some reported exceptions as of late. The
14 Company's witness Carlin indicates that "nearly all" employees, both full and part-
15 time, are eligible to participate in both plans.²⁸ The response to discovery indicates
16 that beginning August 2, 2023, "new employees are eligible to receive matching
17 401(k) contributions immediately upon hire, but they are not eligible to participate in
18 the Company's defined benefit retirement (pension) plan until after one year of service
19 to the Company or other AEP subsidiary."²⁹ Thus, employees hired within one year
20 before the end of the test year were not eligible for the Company's defined benefit plan
21 at the same time as matching 401(k) contributions were made on their behalf.

²⁷ *In Re Electronic Application of Kentucky Power Company for a General Adjustment of Its Rates for Electric Service, etc.*, Case No. 2023-00153, Final Order dated January 19, 2024, pp. 28-29.

²⁸ Direct Testimony of Andrew R. Carlin at 56, lines 12-16.

²⁹ KPC's response to AG-KIUC 2-11. Refer to Exhibit RAF-4.

1 **Q. Has the Company quantified the disallowance amount of retirement benefits**
2 **expense if the Commission applies the same methodology in this proceeding?**

3 A. No, not exactly. When asked to provide the amount of 401(k) matching contributions
4 included in the test year associated with employees who also participated in the
5 Company's defined benefit plan, KPC objected to the request as being "vague,
6 undefined, and overly broad." Instead of answering the question asked, the Company
7 responded that \$1.934 million in 401(k) matching contributions were included in the
8 test year.³⁰ While the vast majority of this amount was expensed for employees who
9 also participated in the defined benefit pension plan, it is clear that not all was.

10 **Q. What is your recommendation?**

11 A. I recommend that consistent with prior precedent, the Commission disallow the entire
12 amount of \$1.934 million in 401(k) matching contributions that were included in the
13 test year unless and until the Company's quantifies the expected small amount of such
14 contributions made to employees who were not eligible to participate in the defined
15 benefit pension plan at the same time during the test year. If and when the Company
16 provides that quantification, my recommended disallowance amount can be reduced.

17 **Q. What is the effect of your recommendation?**

18 A. The effect is a reduction of \$1.934 million in 401(k) matching contributions expense
19 and a reduction of \$1.943 million to the claimed revenue requirement and requested
20 base rate increase after the gross up for bad debt expense and PSC fees.

21 **D. Correct Property Tax Expense**

22 **Q. Describe the property tax expense included in the claimed revenue requirement.**

³⁰ KPC's response to AG-KIUC 1-76. I have attached a copy of that response as my Exhibit RAF-5.

1 A. The Company reflected \$17.636 million in property tax expense in the claimed
2 revenue requirement.³¹ This amount includes a proforma adjustment of \$4.263 million
3 to the actual jurisdictional per books real and personal property tax expense amount in
4 the test year, representing an increase of 31.9% over its test year per books amount
5 after removing expense associated with Mitchell FGD equipment recovered through
6 the ES. Table 1 below summarizes the Company's calculation of the proforma real
7 and personal property tax expense starting with the per books total company expense
8 amount for the test year and ending with the proforma jurisdictional expense included
9 in the base revenue requirement.

10 Table 1
11

Section V Schedule 4 Line 482	Amount (\$)	% Increase
Total Company and Jurisdictional Per Books Real and Personal Property Taxes	13,561,919	
Company's Proforma Adjustment - Remove FGD (W19)	<u>(188,833)</u>	
Jurisdictional Amount Before Proforma Adjustment	13,373,086	
Company's Proforma Adjustment to Increase Expense (W42)	<u>4,262,813</u>	
Total Proforma Test Year Expense	<u>17,635,899</u>	31.9%

12
13
14 **Q. What was the leading cause of the large percentage increase in the Company's**
15 **property tax expense proforma adjustment?**

16 A. The primary reason for the large increase in expense was due to the timing of large
17 2024 expense true-up adjustments that were recorded in December 2024. Expenses
18 were accrued high during each month in 2024 before final invoices for 2024 were
19 received. Negative adjustments in expense of nearly \$7 million were posted on
20 December 19, 2024 in conjunction with the receipts of the actual property tax invoices
21 for the 2024 tax year from the Kentucky Department of Revenue. Based on that final

³¹ Application at Section V Exhibit 1, page 19 of 56, Schedule 4 at line 482.

1 invoicing, the property tax expense amounts that began to be accrued in 2025 were
2 nearly half a million dollars less each month than what was being accrued for
3 Kentucky property taxes throughout 2024. The final amount of actual property tax
4 expense for calendar year 2024 for all Kentucky and West Virginia (KPC's share of
5 Mitchell) was \$17.801 million, which is much more consistent with total expense
6 amounts during the last several years. This amount included \$0.189 million associated
7 with Mitchell FGD property tax expense recovered through the ES. Thus, while the
8 proforma increase in the test year expense is quite large, much of it is based on the
9 timing of the adjustments recorded in December 2024 and is not a cause of concern.
10

11 **Q. Describe the Company's proforma adjustment W42 to annualize property tax**
12 **expense in more detail.**

13 A. The Company's proforma adjustment W42 to annualize property tax expense for the
14 test year describes the intention of annualizing property tax expense based on net
15 December 31, 2024 assessable property value and the latest actual property tax rates.
16 It compares the December 31, 2024 based property tax expense annualized amount of
17 \$15.413 million to the actual property tax expense recorded during the test year,
18 excluding prior period true-ups recorded during the test year,³² and applicable to
19 Kentucky assets of \$11.150 million.³³ The net of these amounts equals the \$4.263
20 million proforma increase in base rate property tax expense as noted above.³⁴ The

³² KPC's responses to AG-KIUC 1-49, 1-50, and 1-51. I have attached copies of these responses as my Exhibit RAF-6.

³³ Application at Section V Exhibit 2 Adjustment W42.

³⁴ *Id.*

1 Company failed to provide all or even sufficient workpapers in support its calculations
2 in response to Staff’s discovery request for all electronic schedules and workpapers.³⁵

3 The Company provided more details for its calculations in response to AG-
4 KIUC discovery. The calculation of the \$15.413 million annualized property tax
5 expense started with a pasted value annualized amount of \$16.830 million for its
6 owned property before removal of ES applicable amounts.³⁶ The determination of the
7 \$16.830 million was provided in a separate discovery response and indicates that the
8 amount was derived as the total per books expense recorded during the twelve months
9 ended December 31, 2024.³⁷ That response also indicates that the amounts were
10 broken down applicable to three states, Kentucky (\$13,691,876), Michigan (-\$10), and
11 West Virginia (\$3,138,351).³⁸ While this amount was applicable to the sum of test
12 year data for three states and not only Kentucky, the calculation of the \$11.150 million
13 was applicable only to amounts associated with Kentucky.³⁹

14 The comparison of the data noted above was not a true apples-to-apples
15 comparison. The Company confirmed that it was not in response to discovery and
16 provided a corrected proforma W42 calculation that included comparisons of cost data
17 involving all three states.⁴⁰ The Company also modified the methodology for its

³⁵ KPC’s response to KPSC Staff 1-55.

³⁶ KPC’s response to AG-KIUC 1-44 and attachment named KPCO_R_AG_KIUC_1_44_Attachment 1 at tab Est. Tax Calc. I have attached a copy of the narrative portion of this response as well as applicable worksheet tabs as my Exhibit RAF-7.

³⁷ KPC’s response to AG-KIUC 1-46 and attachment named KPCO_R_AG_KIUC_1_46_Attachment 1 at tab Pivot Table. I have attached a copy of the narrative portion of this response as well as applicable worksheet tabs as my Exhibit RAF-8.

³⁸ *Id.* at cell row 8.

³⁹ KPC’s response to AG-KIUC 1-44 and attachment named KPCO_R_AG_KIUC_1_44_Attachment 1 at tab Pivot. Refer to Exhibit RAF-7.

⁴⁰ KPC’s response to AG-KIUC 2-12 and attachment named KPCO_R_AG_KIUC_2_12_Attachment 1 at tab W42 Annualization of PropTax. I have attached a copy of the narrative portion of this response as well as applicable worksheet tabs as my Exhibit RAF-9.

1 comparison, which made the previous complex calculations much more
2 understandable. The modifications resulted in a reduction in the proforma adjustment
3 W42 from +\$4.263 million to +\$3.944 million, which amounts to a reduction in test
4 year expense of \$0.319 million. I have reviewed the Company's modified calculations
5 and they appear to be reasonable.

6 **Q. What is your recommendation?**

7 A. I recommend that the property tax expense included in the test year be reduced to
8 reflect the Company's corrected proforma adjustment W42.

9 **Q. What is the effect of your recommendation?**

10 A. The effect is a reduction of \$0.319 million in property tax expense and a reduction of
11 \$0.320 million in the claimed revenue requirement and requested rate increase after
12 gross up for bad debt expense and PSC fees.

13 **E. Defer Pension Settlement Accounting Expense for AEPSC Employees and**
14 **Amortize Over 12 Years**

15 **Q. Describe KPC's request for recovery of pension settlement accounting expenses**
16 **of \$1.689 million that were incurred in the test year.**

17 A. KPC witness Ciborek described certain pension settlement accounting expenses of
18 \$1.689 million recorded in pension benefits expense account 9260064 (Def AEPSC
19 Pension Settlement) as accelerated, atypical, and infrequent in nature.⁴¹ All of these
20 expenses were recorded in account 9260064 in the test year during December 2024
21 and January 2025.⁴² According to Mr. Ciborek, these expenses were the result of a

⁴¹ Direct Testimony of Brian C. Ciborek at 21-23.

⁴² KPC's response to AG-KIUC 1-85 and the trial balance attached to KPC's response to AG-KIUC 1-14. I have attached a copy of the response to AG-KIUC 1-85 as my Exhibit RAF-10. I have not attached a copy of the response to AG-KIUC 1-14 due to its voluminous nature.

1 voluntary severance program designed to reduce the size of AEP's workforce and
2 reduce O&M expense.⁴³ Many of the KPC employees who volunteered for this
3 program also took lump-sum payments from the AEP qualified pension plan in 2024,
4 triggering the pension settlement accounting entries.⁴⁴ These entries applied only to
5 KPC employees. KPC included two proforma adjustments related to these costs, W46
6 and W47. Proforma adjustment W46 reflects the deferral of 100% of the expenses
7 recorded in account 9260064, \$1.689 million, to a regulatory asset. Proforma
8 adjustment W47 reflects the amortization of that regulatory asset amount over twelve
9 years, or \$0.141 million. Thus, only \$0.141 million is reflected as O&M expense in
10 the Company's revenue requirement.

11 **Q. Do you have any disagreement with how the Company reflected in the test year**
12 **the KPC employee costs originally expensed to account 9260064?**

13 A. No.

14 **Q. Did the Company also incur an identical type of expenses in a similar outside**
15 **services expense account?**

16 A. Yes. The Company incurred a total of \$1.070 million in an outside services expense
17 account, 9230064 (Def AEPSC Pension Settlement), during the same months of
18 December 2024 and January 2025.⁴⁵ The Company did not propose an adjustment to
19 defer any of these expenses like it did associated with account 9260064. Likewise, it
20 did not propose an adjustment to reflect any portion of these expenses as non-

⁴³ Direct Testimony of Brian C. Ciborek at 21-23.

⁴⁴ *Id.*

⁴⁵ KPC's response to AG-KIUC 1-85 and the trial balance attached to KPC's response to AG-KIUC 1-14. Refer to Exhibit RAF-10.

1 recurring. Discovery was issued to determine why the expenses in account 9230064
2 were incurred and why the Company did not propose any such proforma adjustments
3 related to these rather obvious one-time expenses.

4 The Company responded to that discovery explaining that the costs recorded
5 in account 9230064 represented the identical type of costs as described above for
6 account 9260064, but that these costs were associated with AEPSC employees that
7 took lump-sum payments from the AEP qualified pension plan in 2024.⁴⁶ KPC stated
8 in the same response that this expense was non-recurring and that it typically makes
9 no proforma adjustments to costs that are allocated to it from AEPSC, so it made no
10 adjustment to treat this expense the same as it did for the identical type of costs
11 associated with KPC employees.⁴⁷

12 **Q. What is your recommendation?**

13 A. I recommend that the Commission treat the pension settlement accounting expenses
14 of \$1.070 million in account 9230064 and applicable to AEPSC employees the same
15 as KPC treated the identical type of costs for its own employees. The Company
16 confirmed that this expense was non-recurring in nature, and there is no reason to
17 exclude the removal of known non-recurring items from the revenue requirement. I
18 recommend the deferral of 100% of the expenses recorded in account 9230064, \$1.070
19 million, to a regulatory asset and the amortization of that regulatory asset amount over
20 twelve years, or \$0.089 million annually. Thus, only \$0.089 million will be reflected
21 as O&M expense in the Company's revenue requirement.

⁴⁶ KPC's response to AG-KIUC 2-10. I have attached a copy of this response as my Exhibit RAF-11.

⁴⁷ *Id.*

1 **Q. What is the effect of your recommendation?**

2 A. The effect is a reduction of \$0.981 million in outside services expense and a reduction
3 of \$0.985 million in the claimed revenue requirement and requested rate increase after
4 gross up for bad debt expense and PSC fees.

5 **F. Remove Edison Electric Institute (EEI) and Kentucky Chamber of Commerce**
6 **Dues**

7 **Q. Describe KPC's request for recovery of dues paid to EEI and the Kentucky**
8 **Chamber of Commerce in its application.**

9 A. KPC included \$0.093 million for EEI dues in the test year, after an adjustment to
10 remove \$0.021 million in costs for lobbying.⁴⁸ It included \$0.020 million for Kentucky
11 Chamber of Commerce Dues in the test year, after an adjustment to remove \$0.005
12 million for lobbying activities.⁴⁹ The percentage amounts attributable to lobbying were
13 noted on the invoices received from each organization. The Company identified these
14 two organizations to which they paid dues, and for which expenses were included in
15 the revenue requirement, that were known to engage in activities such as legislative
16 advocacy, regulatory advocacy, and public relations.⁵⁰

17 **Q. Have decisions been reached by the Commission in prior cases regarding**
18 **recovery for these kinds of dues payments?**

⁴⁸ Direct Testimony of John D. Cullop at 16. Also, refer to KPC's response to AG-KIUC 1-3. I have attached the narrative portion of this response as well as my Exhibit RAF-12. Refer to KPC Witness Cullop Exhibit JDC-6 at 45-48 for copies of the invoices and allocation summaries for EEI and the Kentucky Chamber of Commerce. The EEI invoice represents a combined billing to American Electric Power and the costs are allocated to each of its participating affiliates, including KPC.

⁴⁹ KPC's response to AG-KIUC 1-3. Refer to Exhibit RAF-12.

⁵⁰ *Id.*

1 A. Yes. The Commission denied the recovery of any EEI dues paid by KU and LG&E in
2 Case Nos. 2020-00349 and 2020-00350, respectively.⁵¹ There were three specific
3 reasons cited by the Commission in each Order to justify the denials. To my
4 knowledge, no circumstances have changed related to EEI dues applicable to any
5 utility since those Orders.

6 Consistent with prior Orders, in its Order in Atmos Energy Corporation Case
7 No. 2021-00214, the Commission disallowed recovery for similar American Gas
8 Association (AGA) and Kentucky Chamber of Commerce dues, stating as follows:⁵²

9 As noted in Case Nos. 2020-00350 and 2021-00183, Atmos Kentucky has the
10 burden of establishing that costs it seeks to recover in rates for dues paid to
11 associations like AGA do not include prohibited costs for lobbying and
12 political activity, including costs for legislative lobbying, regulatory advocacy,
13 and public relations. When asked by the Attorney General whether each
14 association for which dues were included in rates engaged in such activity,
15 Atmos Kentucky indicated that it “identified the AGA and Kentucky Chamber
16 of Commerce as organizations that engage, directly or indirectly, in one or
17 more of the listed activities,” without indicating whether or not others did.
18 Atmos Kentucky then estimated percentages of the dues related only to
19 lobbying for the AGA and Kentucky Chamber of Commerce without
20 identifying amounts paid for other prohibited costs. Thus, the Commission
21 finds that Atmos Kentucky has not met its burden of proof that the association
22 and social organization/social club dues are properly recoverable from
23 ratepayers and do not include expenses related to legislative advocacy,
24 regulatory advocacy, or public relations. The Commission will remove all such
25 dues, excluding the Southern Gas Association, because it has been specifically
26 approved in recent gas rate cases.
27

28 In a more recent case in Atmos Energy Corporation Case No. 2024-00276, for
29 which the Commission’s Order was issued just months ago, the Commission

⁵¹ Orders dated June 30, 2021 in Case No. 2020-00349 at 25-28 and in Case No. 2020-00350 at 27-31.

⁵² Order dated May 19, 2022 in Case No. 2021-00214 at 23-25.

1 confirmed its stance on including these forms of dues in the revenue requirement,
2 stating as follows:⁵³

3 The Commission finds that dues expenses should be excluded from recovery.
4 Without knowing how the AGA or Chambers of Commerce determine the
5 percentage of dues attributable to lobbying noted on their invoices, the
6 Commission cannot find that these percentages are based on actual lobbying
7 spending. Furthermore, Atmos has not established that these expenses benefit
8 ratepayers.

9 **Q. Has KPC provided additional proof that the dues applicable to its memberships**
10 **in EEI and the Kentucky Chamber of Commerce are not used for legislative**
11 **advocacy, regulatory advocacy, and/or public relations in addition to the costs**
12 **already removed for lobbying?**

13 A. No.

14 **Q. What is your recommendation?**

15 A. I recommend that the EEI and Kentucky Chamber of Commerce dues in the test year
16 be removed in accordance with Commission precedent unless the Company can
17 provide the requisite affirmative proof. The Company has thus failed to establish that
18 this expense is fair, just, and reasonable. The Company has provided no evidence that
19 ratepayer-provided dues are not used for legislative advocacy, regulatory advocacy,
20 and/or public relations.

21 **Q. What is the effect of your recommendation?**

22 A. The effect is a reduction of \$0.113 million in dues expense and in the claimed revenue
23 requirement and requested base rate increase.

24 **IV. SHORT-TERM DEBT RATE ERROR**

⁵³ Order dated August 11, 2025 in Case No. 2024-00276 at 26-27.

1 **Q. Did the Company's calculation of the weighted cost of capital contain an error**
2 **involving the short-term debt rate?**

3 A. Yes. The amount of short-term debt capital used in the weighted cost of capital
4 determination was set by the Company as zero dollars.⁵⁴ Likewise, the average
5 weighted cost of capital percentage applicable to short-term debt was reflected as zero
6 percent on the hard copy version of the cost of capital determination.⁵⁵ This resulted
7 in an overall weighted cost of capital of 7.5740%.⁵⁶ However, the actual cell formula
8 in the Company's determination contained not only a formula but also the addition of
9 a value of 0.0004. This addition caused the overall as-filed weighted cost of capital to
10 be 7.5740% instead of the correct 7.57%. When asked about the addition of this
11 unexplained value in discovery, KPC responded that the value addition of 0.0004 was
12 an inadvertent error and that the correct weighted cost of capital should be 7.57%.⁵⁷
13 The Company further quantified the impact of the error as a reduction of \$0.099
14 million to the as-filed revenue requirement amount.⁵⁸ The Company did not provide a
15 copy of its calculation for verification purposes.

16 **Q. Do you agree with KPC's quantification of the impacts of this error?**

17 A. No. The Company appears to have overstated the revenue requirement impact of
18 correcting this error. Instead of the \$0.099 million quantified by the Company, the
19 impact should only be \$0.075 million.⁵⁹ It appears that the Company grossed up the

⁵⁴ Application at Section V Exhibit 1, page 4 of 56.

⁵⁵ *Id.*

⁵⁶ *Id.*

⁵⁷ KPC's response to AG-KIUC 1-16. I have attached a copy of that response as my Exhibit RAF-13.

⁵⁸ *Id.*

⁵⁹ My calculations are included in the AG-KIUC's electronic revenue requirement model attached to the Direct Testimony of AG-KIUC witness Kollen at worksheet tab COC.

1 impacts of this error correction not only for the impact of bad debt and PSC assessment
2 fees, but also for income taxes. There is no income tax gross up on the debt return. The
3 revenue recovered for the debt return is exactly offset by the underlying interest
4 expense deduction in the calculation of taxable income and income tax expense,
5 resulting in no income tax expense applicable to the revenue recovery and thus, no
6 need to gross up the debt return for income taxes. The revenue recovered for the equity
7 return is different in that there is no equity return deduction in the calculation of taxable
8 income and income tax expense, meaning that the revenue requirement must include
9 an addition for the income tax expense.

10 **Q. What is your recommendation?**

11 A. I recommend that the Commission correct the filing error in the short-term debt portion
12 of the weighted cost of capital determination and reduce the claimed revenue
13 requirement and requested base rate increase by \$0.075 million.

14 **Q. Does this complete your testimony?**

15 A. Yes.

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 CERTAIN)
REGULATORY AND ACCOUNTING)
TREATMENTS; AND (4) ALL OTHER)
REQUIRED APPROVALS AND RELIEF)**

CASE NO. 2025-00257

EXHIBITS

OF

RANDY A. FUTRAL

ON BEHALF OF THE

**OFFICE OF THE ATTORNEY GENERAL OF THE COMMONWEALTH OF
KENTUCKY AND THE
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.**

**J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA**

NOVEMBER 17, 2025

EXHIBIT RAF-1

RESUME OF RANDY A. FUTRAL – DIRECTOR OF CONSULTING

EDUCATION

Mississippi State University, BBS in Business Administration
Accounting

EXPERIENCE

J. Kennedy and Associates, Inc. 2003 - Present
Director of Consulting

Responsible for utility revenue requirements analysis, affiliate transaction auditing and analysis, fuel adjustment clause auditing and research involving tax and public reporting matters. Clients served include the Georgia Public Service Commission (“GPSC”) Staff, the Louisiana Public Service Commission (“LPSC”) and its Staff, the Florida Office of Public Counsel (“OPC”), the Office of the Attorney General of the Commonwealth of Kentucky (“KY AG”), the South Carolina Office of Regulatory Staff (“ORS”), the Houston Council for Health and Education, the Gulf Coast Coalition of Cities, Cities Served by Texas Gas Service Company, the Alliance for Valley Healthcare, the Ohio Energy Group, Inc. (“OEG”), the Kentucky Industrial Utility Customers (“KIUC”), Nucor Gallatin Steel (“Nucor”), the Municipalities of Alda, Grand Island, Kearney and North Platte, Nebraska, the City of Clinton, and the Wisconsin Industrial Energy Group, Inc.

Direct and Responsive Testimonies filed on behalf of Louisiana Public Service Commission or its Staff:

LPSC Docket No. U-23327 Southwestern Electric Power Company, Revenue Requirement Review, October 2004.

LPSC Docket No. U-21453, U-20925, U-22092 Entergy Gulf States, Inc., Jurisdictional Separation Plan, March 2006.

LPSC Docket No. U-25116 Entergy Louisiana, Inc., 2002-2004 Audit of Fuel Adjustment Clause, April 2006.

LPSC Docket No. U-23327 Southwestern Electric Power Company, Revenue Requirement Review, July 2006.

LPSC Docket No. U-21453, U-20925, U-22092 Entergy Gulf States, Inc., Jurisdictional Separation Plan, August 2006.

FERC Docket No. ER07-682 Entergy Services, Inc., Company’s Section 205 Changes to Rough Production Cost Equalization Computation, November 2007.

J. KENNEDY AND ASSOCIATES, INC.

FERC Docket No. ER07-956 Entergy Services, Inc., Company's 2007 Filing to be in Compliance with FERC Opinions' 480 and 480-A, March 2008.

FERC Docket No. ER08-51 Entergy Services, Inc., LPSC Section 206 Filing Related to Spindletop Regulatory Asset in Rough Production Cost Equalization Computation, November 2008.

FERC Docket No. ER08-1056 Entergy Services, Inc., Company's 2008 Filing to be in Compliance with FERC Opinions' 480 and 480-A, January 2009.

LPSC Docket No. U-31066 Dixie Electric Membership Corporation, Company's Application to Implement a Storm Recovery Rate Rider, September 2009.

LPSC Docket No. U-30893 Dixie Electric Membership Corporation, Company's Application to Implement a Formula Rate Plan, September 2009.

FERC Docket No. EL09-61 (Phase I) Entergy Services, Inc., LPSC Complaint Regarding Single Operating Company Opportunity Sales, April 2010.

LPSC Docket No. U-31066 Dixie Electric Membership Corporation, Company's Application to Implement a Storm Recovery Rate Rider, May 2010.

FERC Docket No. EL10-55 Entergy Services, Inc.
LPSC Complaint Regarding Depreciation Rates, September 2010.

LPSC Docket No. U-23327, Subdocket E Southwestern Electric Power Company, 2003-2004 Fuel Audit, September 2010.

LPSC Docket No. U-23327, Subdocket F Southwestern Electric Power Company, 2009 Test Year Formula Rate Plan Filing, October 2010.

LPSC Docket No. U-23327, Subdocket C Southwestern Electric Power Company, 2007 Test Year Formula Rate Plan Filing, February 2011.

LPSC Docket No. U-23327, Subdocket D Southwestern Electric Power Company, 2008 Test Year Formula Rate Plan Filing, February 2011.

FERC Docket No. ER10-2001 Entergy Arkansas, Inc., Company's 2010 Filing to Request Approval of Changed Depreciation Rates, March 2011.

FERC Docket No. ER11-2161 Entergy Texas, Inc., Company's 2010 Filing to Request Approval of Changed Depreciation Rates, July 2011.

LPSC Docket No. U-31835 South Louisiana Electric Cooperative Association, Company's Application to Implement a Formula Rate Plan and Initial Revenue Adjustment, August 2011.

FERC Docket No. ER12-1384 Entergy Services, Inc., Company's Section 205 Filing Related to Little Gypsy 3 Cancellation Costs, September 2012.

LPSC Docket No. U-32315 Claiborne Electric Cooperative, Inc.'s Application to Implement a Formula Rate Plan and Initial Revenue Adjustment, September 2012.

FERC Docket No. ER10-1350 Entergy Services, Inc., Company's 2010 Filing to be in Compliance with FERC Opinions' 480 and 480-A, January 2014.

FERC Docket No. EL-01-88-015 Entergy Services, Inc., Company's 2005 Remand Filing to be in Compliance with FERC Opinions' 480 and 480-A, March 2016.

LPSC Docket No. U-33984 Claiborne Electric Cooperative, Inc., Formula Rate Plan Extension, October 2016.

FERC Docket No. EL09-61(Phase III) Entergy Services, Inc., LPSC Complaint Regarding Single Operating Company Opportunity Sales, November 2016.

LPSC Docket No. U-33323 Entergy Louisiana LLC, 2010-2013 Fuel Audit, July 2019.
LPSC Docket No. U-33324 Entergy Gulf States Louisiana LLC, 2010-2013 Fuel Audit, July 2019.
LPSC Docket No. U-35441 Southwestern Electric Power Company, Rate Case, July 2021 Direct, October 2021 Surrebuttal.

Direct Testimony filed on behalf of the Florida OPC:
FPSC Docket Nos. 20200241-EI, 202100178-EI, and 202100179-EI Florida Power and Light Company and Gulf Power Company, Storm Cost Audit, May 2022.

Direct Testimony filed on behalf of the KY AG:
KPSC Case No. 2022-00372 Duke Energy Kentucky, Inc. (Electric Division), Rate Case, March 2023.
KPSC Case No. 2023-00276 Kenergy Corp., Rate Case, January 2024.
KPSC Case No. 2024-00211 Licking Valley Rural Electric Cooperative Corporation, Rate Case, October 2024.
KPSC Case No. 2024-00276 Atmos Energy Corporation, Rate Case, January 2025.
KPSC Case No. 2024-00354 Duke Energy Kentucky, Inc. (Electric Division), Rate Case, March 2025.
KPSC Case No. 2024-00402 South Kentucky Rural Electric Cooperative Corporation, Rate Case, May 2025.
KPSC Case No. 2025-00125 Duke Energy Kentucky, Inc. (Gas Division), Rate Case, September 2025.

Direct Testimony filed on behalf of the KY AG and the City of Clinton:
KPSC Case No. 2022-00147 Water Service Corporation of Kentucky, Rate Case, October 2022.

Direct Testimony filed on behalf of the KY AG and KIUC:
KPSC Case No. 2022-00263 Kentucky Power Company, Fuel Adjustment Clause – Six-Month Review, December 2022.
KPSC Case No. 2023-00318 Kentucky Power Company, Tariff PPA Modification, November 2023.
KPSC Case No. 2023-00008 Kentucky Power Company, Fuel Adjustment Clause – Two-Year Review, December 2023.
KPSC Case Nos. 2025-00113 and 2025-00114 Kentucky Utilities Company and Louisville Gas and Electric Company, Rate Cases, August 2025.

Direct Testimony filed on behalf of the KY AG and Nucor:
KPSC Case No. 2025-00208 East Kentucky Power Cooperative, Rate Case, October 2025.

Direct Testimony filed on behalf of the South Carolina ORS:

SCPSC Docket No. 2022-256-E Duke Energy Progress, LLC, Cost Recovery for 8 Named Storms Since 2014, January 2023.

Direct Testimony filed on behalf of the OEG in Ohio:
PUCO Case No. 23-301-EL-SSO FirstEnergy Utilities, Standard Service Offer in the Form of an Electric Security Plan, October 2023.

Direct Testimony filed on behalf of Georgia Public Service Commission Staff:
GPSC Docket No. U-43830 Atlanta Gas Light Company, Affiliate Audit, May 2024.

Direct Testimony filed on behalf of Cities Served by Texas Gas Service Company:
Texas Railroad Commission Case No. OS-24-00017471 Texas Gas Service Company, Rate Case, August 2024.

Telscape International, Inc.	1997 - 2003
Corporate Controller	1999 - 2003
Assistant Controller	1997 - 1999

Complete responsibility and accountability for the accounting and financial functions of a \$160 million newly public company providing telecommunication and high-end internet access services. Telscape served as a telephony carrier of services domestically and to Latin and Central America targeting other service carriers as well as individuals. Reported directly to CFO and managed a staff of eleven.

- Managed the day to day processes required to produce timely and accurate financial statements, including general ledger, account reconciliations, AP, AR, fixed assets, payroll, treasury, tax, internal and external reporting.
- Worked with attorneys and auditors on mergers and acquisitions including due diligence, audits, tax and integrating the accounting functions of eleven acquisitions.
- Grew the accounting department from four to eleven employees while developing and implementing company policies and procedures.
- Instituted capital investment policy and accounts payable management for twenty-one separate entities and twenty-four bank accounts to facilitate effective use of cash flow.
- Created capital and operating budgeting and variance analysis package for five separate business lines.

- Developed the consolidations and inter-company billings process across all entities including six in Latin and Central America.
- Worked with CFO to develop financial models and business plans in raising over \$240 million over a three-year period through private preferred placements, debenture offerings and asset based credit facilities.
- Responsible for relationship management with external auditors, attorneys, and the banking community while reviewing and approving all SEC filings, including quarterly and annual reports, proxies and informational filings.
- Developed line cost accounting for revenues and carrier invoices saving thousands monthly and providing the justification for invoice reductions.

Comcast Communications, Inc.	1988 - 1997
Regional Controller	1993 - 1997
Regional Assistant Controller	1991 - 1992
Regional Senior Financial Analyst	1988 - 1991

Complete responsibility and accountability for the accounting functions of a \$2.1 billion regional division of the world's third largest cable television provider serving approximately 490,000 subscribers. Reported to the Regional VP of Finance and managed a staff of twelve.

- Managed the day to day processes required to produce timely and accurate financial statements, including general ledger, account reconciliations, AP, AR, fixed assets and internal reporting.
- Controlled extensive budgeting, forecasting, and variance reporting for eighteen separate entities covering eight states, training employees and management throughout the region.
- Performed due diligence related to the acquisition of seven cable system entities and coordinated the integration of all accounting functions with the corporate office.
- Instituted all FCC informational and rate increase filings throughout the region based on the Cable Act of 1992.
- Responsible for the coordination of all subscriber reporting, sales and property tax filings, franchise fee and copyright filings.

- Grew the accounting department from seven to thirteen before its move to Atlanta, restaffing ninety percent of the department after the move.
- Directed all efforts throughout the region to implement Oracle as the new financial package and a new Access database for the budgeting and forecasting processes.

Storer Cable Communications, Inc
Senior Accountant for Operations

1987 - 1988

Responsibility for the accounting, budgeting, and forecasting activities of this 82,000 subscriber area for this cable television concern that was acquired by Comcast listed above. Reported to the Area VP and General Manager and managed three employees.

- Implemented new Lotus based model for budgeting and forecasting, training all management on its use.
- Transitioned financial statement preparation from the regional office level to this area office.
- Managed the day to day processes required to produce timely and accurate financial statements for six separate entities including general ledger, AP, AR, fixed assets, subscriber reporting and other internal reporting.
- Developed and maintained tracking mechanism to track progress of cable plant rebuild and the associated competitor overbuild in the area's largest cable system.

Tracey-Luckey Pecan & Storage, Inc.
Senior Accountant

1986 - 1987

Responsibility for the accounting, budgeting, and office management for a divisional office of this pecan production, processing, and storage entity annually grossing approximately \$22 million. Financial statements were produced for three entities. Reported directly to the president of the division and managed three employees.

Tarpley & Underwood, CPA's
Staff Accountant

1984 - 1986

Responsibility for the completion of monthly and quarterly client write-up for twenty-three small businesses for this regional CPA firm that is now one of the top twenty-five firms in Atlanta. Performed all payroll tax, sales tax, property tax, and income tax filings for these and other clients as well as approximately eighty individual returns per year. Reported directly to both partners with dotted line responsibility to all managers.

EXHIBIT RAF-2

Kentucky Power Company
KPSC Case No. 2025-00257
AG-KIUC's First Set of Data Requests
Dated September 29, 2025

DATA REQUEST

**AG_KIUC
1_28** Provide the amount of incentive compensation expense pursuant to the STI plan included in the test year revenue requirement for each target metric used for this plan during the test year. Separately provide the costs incurred directly by the Company and the costs incurred through AEPSC affiliate charges and Wheeling Power Company, the operator of the Mitchell plant. In addition, provide these amounts by FERC O&M and/or A&G expense account.

RESPONSE

See KPCO_R_AG_KIUC_1_28_Attachment1 for direct costs and its portion of the costs related to the Mitchell facility for the STI expense test year by FERC account and STI plan target matrix.

Please refer to KPCO_R_AG_KIUC_1_28_Attachment2 for the actual AEPSC STI expense by target metric included in the test year revenue requirement. Note that the share of AEPSC billings to the Company are not reflective of any subsequent billing of charges to or from the Co-Owner of Mitchell Plant.

Witness: Brian C. Ciborek

Kentucky Power Company including billings for Mitchell facility
 STI - ICP Expense by Target Metrics
 Test Year ended May 2025

FERC account	STI - ICP Expense in Test Year by Target Metric						Total
	Customer Service	Employee Commitment	Regulatory & Legislative Integrity	Environmental Respect	Operational Excellence	Financial Strength	
5000	11,745	11,745	11,745	11,745	11,745	11,773	70,496
5010	30,853	30,853	30,853	30,853	30,853	30,927	185,192
5020	15,731	15,731	15,731	15,731	15,731	15,769	94,423
5050	435	435	435	435	435	436	2,613
5060	15,411	15,411	15,411	15,411	15,411	15,448	92,505
5100	11,228	11,228	11,228	11,228	11,228	11,255	67,394
5110	1,195	1,195	1,195	1,195	1,195	1,198	7,173
5120	19,538	19,538	19,538	19,538	19,538	19,585	117,275
5130	7,508	7,508	7,508	7,508	7,508	7,526	45,067
5140	1,946	1,946	1,946	1,946	1,946	1,951	11,683
5660	14	14	14	14	14	14	83
5710	(0)	(0)	(0)	(0)	(0)	(0)	(0)
5800	2,425	2,425	2,425	2,425	2,425	2,431	14,556
5830	8,036	8,036	8,036	8,036	8,036	8,055	48,235
5840	1	1	1	1	1	1	5
5850	22	22	22	22	22	22	132
5860	11,468	11,468	11,468	11,468	11,468	11,496	68,836
5870	1,425	1,425	1,425	1,425	1,425	1,429	8,556
5880	23,009	23,009	23,009	23,009	23,009	23,064	138,109
5900	341	341	341	341	341	342	2,046
5920	4	4	4	4	4	4	24
5930	86,021	86,021	86,021	86,021	86,021	86,227	516,330
5940	42	42	42	42	42	42	253
5950	30	30	30	30	30	30	177
5960	25	25	25	25	25	25	152
5970	457	457	457	457	457	458	2,742
5980	3	3	3	3	3	3	18
9020	2,024	2,024	2,024	2,024	2,024	2,029	12,149
9030	6,833	6,833	6,833	6,833	6,833	6,850	41,016
9070	164	164	164	164	164	164	982
9080	2,353	2,353	2,353	2,353	2,353	2,359	14,123
9200	31,389	31,389	31,389	31,389	31,389	31,465	188,411
9220	(2)	(2)	(2)	(2)	(2)	(2)	(10)
9280	1,638	1,638	1,638	1,638	1,638	1,642	9,833
9302	50	50	50	50	50	50	300
9350	97	97	97	97	97	97	581
	293,459	293,459	293,459	293,459	293,459	294,164	1,761,459

AEPSC Billings to Kentucky Power
 STI Expense by Target Metrics
 Test Year ended May 2025

STI Expense in Test Year by Target Metric																
FERC account	Safety	Environmental & Regulatory Compliance	Financial	Efficiency & Cost Reduction	Operations	Workforce and Culture	Affordability	Strategic	Other	Customer Service	Employee Commitment	Regulatory & Legislative Integrity	Environmental Respect	Operational Excellence	Financial Strength	Total of Metrics
5000	5,394	979	7,830	4	4,456	1,006	334	0	48	3,616	3,619	3,619	3,619	3,616	3,619	41,758
5010	1,044	195	1,544	0	856	195	62	0	0	459	459	459	459	459	459	6,653
5020	1	0	4	0	0	0	0	0	0	14	14	14	14	14	14	91
5060	423	104	1,236	0	118	105	102	0	0	645	646	646	646	645	646	5,961
5100	65	11	64	0	65	11	(0)	0	0	64	64	64	64	64	64	600
5110	71	12	86	0	65	12	2	0	0	0	0	0	0	0	0	249
5120	551	93	568	0	545	93	2	0	0	111	111	111	111	111	111	2,516
5130	1,308	228	1,546	3	1,213	231	30	0	3	747	748	748	748	747	747	9,042
5140	32	6	39	0	29	6	1	0	0	0	0	0	0	0	0	111
5280	6	1	7	0	6	1	0	0	0	4	4	4	4	4	4	47
5460	1	0	2	0	0	0	0	0	0	0	0	0	0	0	0	4
5560	753	134	948	0	680	134	24	0	0	209	209	209	209	209	209	3,926
5570	1,723	334	3,285	0	1,297	335	142	0	0	1,081	1,081	1,081	1,081	1,081	1,081	13,603
5581	0	0	0	0	0	0	0	0	0	13	13	13	13	13	13	80
5600	13,316	2,558	21,933	1,476	7,116	4,056	1,104	0	44	7,675	7,680	7,680	7,680	7,675	7,680	97,673
5612	2,849	512	3,734	401	1,715	913	111	0	0	1,293	1,293	1,293	1,293	1,293	1,293	17,994
5615	647	115	825	93	394	208	22	0	0	241	241	241	241	241	241	3,750
5620	924	166	1,208	130	557	296	35	0	0	641	642	642	642	641	642	7,168
5630	46	8	64	6	27	15	2	0	0	19	19	19	19	19	19	282
5660	4,067	903	9,490	225	1,583	1,129	678	0	1	2,599	2,600	2,600	2,600	2,599	2,600	33,675
5680	128	29	315	6	46	35	23	0	0	42	42	42	42	42	42	832
5690	26	5	37	3	15	8	1	0	0	87	87	87	87	87	87	617
5691	41	7	55	6	25	13	2	0	0	11	11	11	11	11	11	217
5692	274	49	361	38	164	88	11	0	0	126	126	126	126	126	126	1,744
5700	2,351	424	3,113	328	1,408	752	95	0	0	2,377	2,378	2,378	2,378	2,377	2,378	22,737
5710	5,032	902	6,562	711	3,036	1,613	191	0	0	3,129	3,131	3,131	3,131	3,129	3,131	36,828
5730	2	0	3	0	1	1	0	0	0	26	26	26	26	26	26	166
5800	2,190	350	4,388	46	1,186	512	420	0	233	1,579	1,580	1,580	1,580	1,579	1,580	18,803
5820	2,111	376	2,945	270	1,251	657	118	0	22	1,086	1,087	1,087	1,087	1,086	1,087	14,268
5840	289	39	560	0	171	61	61	0	44	214	214	214	214	214	214	2,509
5860	257	53	663	0	99	61	60	0	15	236	237	237	237	236	237	2,626
5870	0	0	2	0	(0)	0	0	0	(0)	2	2	2	2	2	2	17
5880	1,605	351	3,849	64	627	426	295	0	23	1,150	1,150	1,150	1,150	1,150	1,150	14,140
5900	17	2	33	0	10	4	4	0	3	359	359	359	359	359	359	2,227
5910	71	13	93	10	43	23	3	0	0	13	13	13	13	13	13	335
5920	1,452	271	2,143	184	824	455	86	0	0	1,717	1,718	1,718	1,718	1,717	1,718	15,721
5930	645	146	1,567	31	238	177	115	0	(1)	566	566	566	566	566	566	6,314
5970	(4)	0	0	0	(5)	(1)	(1)	0	(2)	0	0	0	0	0	0	(8)
9010	75	19	222	0	19	19	18	0	0	75	75	75	75	75	75	821
9020	105	26	313	0	27	26	26	0	0	146	146	146	146	146	146	1,399
9030	10,735	2,666	31,932	15	2,752	2,688	2,658	0	13	8,861	8,866	8,866	8,866	8,861	8,866	106,645
9050	54	13	160	0	14	13	13	0	0	48	48	48	48	48	48	555
9070	72	18	215	0	18	18	18	0	0	33	33	33	33	33	33	555
9080	1	1	12	0	(2)	1	1	0	(1)	2	2	2	2	2	2	23
9100	2	0	5	0	0	0	0	0	0	1	1	1	1	1	1	14
9120	3	1	9	0	1	1	1	0	0	0	0	0	0	0	0	15
9200	63,205	15,513	185,834	47	17,019	15,702	15,507	0	285	32,948	32,967	32,967	32,967	32,948	32,967	510,877
9220	0	0	(0)	0	0	0	0	0	0	0	0	0	0	0	0	(0)
9230	8	2	23	0	2	2	2	0	0	15	15	15	15	15	15	129
9260	6	1	13	0	3	2	1	0	0	1	1	1	1	1	1	30
9280	6,278	1,550	18,375	22	1,696	1,573	1,512	0	0	3,110	3,112	3,112	3,112	3,110	3,112	49,677
9302	1,155	261	3,108	13	386	289	262	0	28	512	512	512	512	512	512	8,572
9350	2,540	624	7,349	23	692	646	601	0	0	45	45	45	45	45	45	12,744
Grand Total	133,948	30,075	328,672	4,159	52,486	34,611	24,758	0	754	77,947	77,994	77,994	77,994	77,947	77,994	1,077,334

Kentucky Power Company
KPSC Case No. 2025-00257
AG-KIUC's First Set of Data Requests
Dated September 29, 2025

DATA REQUEST

AG_KIUC Provide the amount of incentive compensation expense pursuant to the
1_29 LTI plan included in the test year revenue requirement for each target
metric used for this plan during the test year. Separately provide the costs
incurred directly by the Company and the costs incurred through AEPSC
affiliate charges and Wheeling Power Company, the operator of the
Mitchell plant. In addition, provide these amounts by FERC O&M and/or
A&G expense account.

RESPONSE

See KPCO_R_AG_KIUC_1_29_Attachment1 for the Kentucky Power direct costs and its
portion of the costs related to the Mitchell facility for the long-term incentive Performance
Share Incentive expense included in the test year revenue requirement by FERC account
and PSI plan target metric.

Please refer to KPCO_R_AG_KIUC_1_29_Attachment2 for AEPSC PSI expense by
target metric included in the test year revenue requirement. Note that the share of
AEPSC billings to the Company are not reflective of any subsequent billing of charges to
or from the Co-Owner of Mitchell Plant.

Witness: Brian C. Ciborek

Kentucky Power Company including billings for Mitchell facility
 LTIP - PSI Expense by Target Metrics
 Test Year ended May 2025

FERC account	LTIP - PSI Expense in Test Year by Target Metric			Total
	AEP Operating Earnings per Share	AEP Relative Total Shareholder Return vs. Comparator Group	AEP Strategic Goal	
5000	778	669	109	1,556
5010	2,640	2,270	370	5,279
5020	1,390	1,195	195	2,780
5050	51	44	7	102
5060	1,182	1,016	165	2,363
5100	918	790	129	1,837
5110	94	81	13	188
5120	1,562	1,343	219	3,124
5130	651	560	91	1,302
5140	136	117	19	272
5390	1	1	0	2
5710	18	16	3	36
5800	917	789	128	1,834
5830	2,787	2,397	390	5,575
5840	2	2	0	5
5850	10	9	1	20
5860	4,617	3,971	646	9,234
5870	572	492	80	1,144
5880	9,137	7,858	1,279	18,274
5900	143	123	20	286
5920	2	1	0	3
5930	36,259	31,182	5,076	72,517
5940	32	28	4	64
5950	13	12	2	27
5960	11	9	2	22
5970	166	143	23	332
5980	1	1	0	1
9020	875	753	123	1,751
9030	2,445	2,103	342	4,891
9070	65	56	9	130
9080	1,001	861	140	2,002
9200	12,287	10,567	1,720	24,574
9280	564	485	79	1,128
9302	40	34	6	79
9350	1,038	893	145	2,077
	82,406	70,869	11,537	164,812

**AEPSC Billings to Kentucky Power
 LTIP - PSI Expense by Target Metrics
 Test Year ended May 2025**

LTIP - PSI Expense in Test Year by Target Metric				
FERC account	AEP Relative Total			Total of Metrics
	AEP Operating Earnings per Share	Shareholder Return vs. Comparator Group	AEP Strategic Goal	
5000	5,420	4,661	759	10,839
5010	1,663	1,430	233	3,326
5020	6	5	1	11
5060	1,106	952	155	2,213
5100	46	40	6	92
5110	21	18	3	42
5120	239	206	33	478
5130	652	561	91	1,305
5140	10	8	1	19
5280	4	4	1	8
5460	1	0	0	1
5560	839	722	117	1,678
5570	3,074	2,644	430	6,148
5581	14	12	2	29
5600	9,664	8,311	1,353	19,328
5612	1,103	948	154	2,206
5615	218	188	31	437
5620	484	416	68	968
5630	15	13	2	30
5660	4,708	4,049	659	9,417
5680	126	109	18	253
5690	43	37	6	87
5691	11	10	2	22
5692	98	84	14	196
5700	1,269	1,091	178	2,538
5710	2,148	1,848	301	4,297
5730	15	13	2	30
5800	3,304	2,842	463	6,608
5820	1,000	860	140	2,000
5840	442	380	62	884
5860	293	252	41	586
5870	5	4	1	10
5880	2,287	1,966	320	4,573
5900	417	358	58	833
5910	51	44	7	102
5920	1,042	896	146	2,083
5930	515	443	72	1,031
5970	14	12	2	29
9010	44	38	6	88
9020	72	62	10	145
9030	6,345	5,456	888	12,689
9050	28	24	4	57
9070	102	88	14	205
9080	24	21	3	48
9100	2	1	0	3
9120	5	4	1	10
9200	129,226	111,134	18,092	258,451
9220	0	0	0	0
9230	27	24	4	55
9260	2	1	0	3
9280	11,829	10,173	1,656	23,658
9302	2,855	2,455	400	5,710
9350	1,749	1,504	245	3,498
Grand Total	194,678	167,423	27,255	389,355

Kentucky Power Company
KPSC Case No. 2025-00257
AG-KIUC's First Set of Data Requests
Dated September 29, 2025

DATA REQUEST

AG_KIUC Provide separately the expense related to the performance shares and to
1_31 Restricted Stock Units (RSU) for Kentucky Power employees included in
the test year by FERC account. Be sure to include amounts charged by
AEPSC to Kentucky Power and charged by Wheeling Power Company to
Kentucky Power as the operator of the Mitchell plant.

RESPONSE

Please refer to Company response to AG-KIUC 1_29 for Company PSI (performance
share) in the test year by FERC account. Please see
KPCO_R_AG_KIUC_1_31_Attachment1 for Company RSU expense in the test year by
FERC Account.

Please refer to Company response to AG-KIUC 1_29 for AEPSC PSI (performance
share) billed to Kentucky Power in the test year by FERC account. Please see
KPCO_R_AG_KIUC_1_31 Attachment2 for AEPSC RSU expense billed to Kentucky
Power in the test year by FERC Account.

Witness: Brian C. Ciborek

KPCO LTIP Dollars for Restricted Stock Plan
By FERC Account
June 2024 through May 2025

Account Type	FERC	Non-Mitchell	Mitchell	Total Restricted Stock Units
Cost of Service	5000	278	79	357
	5010	-	1,408	1,408
	5020	-	725	725
	5050	-	28	28
	5060	273	281	554
	5100	71	418	489
	5110	12	45	57
	5120	18	730	748
	5130	21	303	324
	5140	1	54	55
	5390	-	-	-
	5710	9	-	9
	5800	445	-	445
	5830	1,119	-	1,119
	5840	-	-	-
	5850	-	-	-
	5860	1,944	-	1,944
	5870	248	-	248
	5880	5,234	-	5,234
	5900	56	-	56
	5920	-	-	-
	5930	19,851	-	19,851
	5940	19	-	19
	5950	-	-	-
	5960	2	-	2
	5970	29	-	29
	5980	-	-	-
	9020	428	-	428
	9030	1,281	-	1,281
	9070	36	-	36
	9080	517	-	517
	9200	6,458	2	6,461
	9280	305	-	305
	9302	5	-	5
	9350	410	-	410
Cost of Service Total		39,071	4,073	43,144
Non-Cost of Service	1070	33,119	91	33,210
	1080	3,939	53	3,992
	1520	-	786	786
	1830	-	-	-
	1840	-	-	-
	1850	102	-	102
	1860	2,699	-	2,699
	4261	2	-	2
	4264	48	1	49
	4265	3	-	3
Non-Cost of Service Total		39,913	931	40,844
Grand Total				83,988

AEPSC Billings to Kentucky Power
 Restricted Stock Units (RSU)
 Test Year ended May 2025

Account Type	FERC	Restricted Stock Units
Cost of Service	5000	4,215
	5010	2,399
	5020	1
	5060	1,404
	5100	38
	5110	8
	5120	164
	5130	296
	5140	9
	5280	3
	5460	0
	5560	1,106
	5570	5,108
	5581	11
	5600	9,893
	5612	1,039
	5615	194
	5620	405
	5630	10
	5660	6,126
	5680	157
	5690	31
	5691	12
	5692	98
	5700	1,230
	5710	2,026
	5730	11
	5800	3,235
	5820	1,014
	5840	380
	5860	278
	5870	3
	5880	2,528
	5900	225
	5910	41
	5920	993
	5930	574
	5970	10
	9010	50
	9020	81
	9030	7,040
	9050	32
	9070	67
	9080	14
	9100	1
	9120	2
	9200	321,826
	9220	0
	9230	23
	9260	2
	9280	18,046
	9302	13,883
	9350	2,059
Cost of Service Total		408,401
Non-Cost of Service	1070	80,874
	1080	2,884
	1520	54
	1630	9,109
	1830	8,029
	1860	906
	1880	101
	4210	0
	4264	7,653
	4265	7,664
Non-Cost of Service Total		117,273
Grand Total		525,674

Kentucky Power Company
KPSC Case No. 2025-00257
Commission Staff's Second Set of Data Requests
Dated September 24, 2025

DATA REQUEST

KPSC 2_85 Refer to the Direct Testimony of Andrew Carlin (Carlin Direct Testimony), pages 39 and 51. Confirm that no part of Kentucky Power's variable annual Incentive Compensation (STI) plan or Long-Term Incentive Compensation (LTI) plan are tied to financial measures. If not confirmed, provide the monetary amount that is associated with the STI plan and the LTI plan tied to financial measures that Kentucky Power included in the revenue requirement.

RESPONSE

Denied. A portion of the Company's STI and LTI compensation is tied to financial measures as described on pages 42-47 and page 51 of Company Witness Carlin's Direct Testimony.

The STI plan monetary amount that is tied to the Company's financial measures is approximately 30.57%, or \$538,478, which is a blended rate for the 2024 and 2025 compensation plans for the test year. As discussed in the testimony of Company Witness Carlin, in 2025 the Company changed the weighting of its KPIs such that the weight of the financial measures were dramatically reduced in 2025. The LTI plan monetary amount that is tied to the Company's financial measures is approximately 93% of PSI, or \$153,276.

Witness: Andrew R. Carlin

EXHIBIT RAF-3

Kentucky Power Company
KPSC Case No. 2025-00257
AG-KIUC's First Set of Data Requests
Dated September 29, 2025

DATA REQUEST

AG_KIUC

1_32

Provide the amount of Supplemental Executive Retirement Plan (SERP) expense incurred in the test year and the amount included in the revenue requirement. Provide the SERP expense directly incurred by Kentucky Power Company and the SERP expense charged to the Company from each other affiliate.

RESPONSE

Adjustment W26 at Section V, Exhibit 2, page 27 adjusts pension and other post-retirement benefit costs (including SERP costs) for known changes from the test year, and is attributable only to Kentucky Power employees. Please refer to KPCO_R_AG_KIUC_1_32_Attachment1 for the amount of SERP expense attributable to Kentucky Power employees incurred in the test year (Line No. 12) and the amount included in the revenue requirement (Line No. 6)

SERP expense charged to the Company by AEPSC during the test year ended May 31, 2025 and included in the revenue requirement was \$134,163.

Witness: Brian C. Ciborek

Kentucky Power Company
Adjust SERP Expense to Proforma Level
For the Twelve Months Ended May 31, 2025

Line No.	Description (a)	Total Company (b)
1	Expected SERP Costs (Actuarial Estimates)	
2	Service Cost	\$ 5,845
3	Non-Service Cost	5,434
4		<u>11,279</u>
5	KPCo O&M% (FERC Form 1, pp. 354 & 355) (Service Only)	60.86%
6	Expected SERP Expense	<u>8,991</u>
7	Test Year Period Per Books (Income) Expense:	
8	Account 9260037 (Supplemental Pension)	17,213
9	Account 9260042 (SERP Pension - Non-Service)	4,783
10	Less Transfers:	
11	KPCo O&M% (FERC Form 1, pp. 354 & 355) (Service Only)	<u>(10,476)</u>
12	Total Test Period Per Books	<u>11,520</u>
13	Change in SERP O&M expense	\$ (2,529)
14	KYJurisdictional Factor - OML	1,000
15	KPSC Jurisdictional Adjustment to Increase O&M Expense for SERP Actuarial Estimates	<u>\$ (2,529)</u>

EXHIBIT RAF-4

Kentucky Power Company
KPSC Case No. 2025-00257
AG-KIUC's Second Set of Data Requests
Dated October 23, 2025
Page 1 of 3

DATA REQUEST

**AG_KIUC
2_11**

Refer to the response to AG-KIUC 1-76. Refer also to the Direct Testimony of Andrew R. Carlin at 56 wherein he states the following: AEP operates an overall benefits program in which nearly all full-time employees and, at an increased cost, part-time employees are eligible to participate. The benefits program includes medical, wellness, dental, sick pay, long-term disability (“LTD”), life insurance, accidental death and dismemberment, retirement pension, retirement savings (401k)[sic], vacation and holiday benefits. Participation may extend to employee’s families and retirees in some instances. Finally, refer to a portion of the response to Staff’s Post-Hearing Data Requests No. 3 in Case No. 2020-00174, which stated the following: The Company’s 401k[sic] and cash balance formula pension contributions were designed together to provide reasonable and market competitive benefits in total. Each of these contributions is less than would be needed to provide market competitive retirement benefits to participants using a single stand-alone benefit formula. This is presumably a large part of the reason the Commission allowed the Company to recover the cost of both types of plans in the Company’s previous rate case. In accordance with this ‘swirl cone’ design, all employees who participate in the 401(k) plan also participate in the cash balance pension formula and the entire amount of 401(k) matching contributions shown in a. above was provided for employees who also participated in the cash balance pension formula.

a. Confirm that all employees who are eligible to receive 401(k) matching contributions are also eligible to participate in the Company’s defined retirement pension plan. If not confirmed, explain why not.

b. Indicate whether the response to Staff’s Post-Hearing Data Requests No. 3 in Case No. 2020-00174 still applies to the Company’s 401(k) and pension contributions. If not, provide a similar description that better describes the interactions between the two programs that is currently in place.

RESPONSE

The Company objects to this request to the extent it seeks information that is outside of the test year period and, therefore, is not reasonably calculated to lead to the discovery of relevant or admissible evidence. The Company further objects to the extent the request

Kentucky Power Company
KPSC Case No. 2025-00257
AG-KIUC's Second Set of Data Requests
Dated October 23, 2025
Page 2 of 3

mischaracterizes the information contained in the Direct Testimony of Company Witness Carlin, certain referenced discovery responses in this case and Case No. 2020-00174. The Company further objects as the request is based upon assumptions and speculation that cannot be confirmed. The Company further objects because the request is argumentative. Subject to and without waiving these objections, the Company states as follows:

a. Deny. New employees are eligible to receive matching 401k contributions immediately upon hire, but they are not eligible to participate in the Company's defined benefit retirement (pension) plan until after one year of service to the Company or other AEP subsidiary.

b. No, the response to Staff's Post-Hearing Data Request No. 3 dated November 30, 2020 in Case No. 2020-00174, attached as KPCO_R_AG_KIUC_2_11_Attachment1, does not still apply to the Company's 401(k) and pension contributions in its entirety. This is because, beginning with employees hired August 2, 2023, compensation for the employee's first year of service is not considered in determining their benefit under the Company's pension plan.

The Commission recognized the Company's cash balance pension benefit was based on a "defined contribution" formula, rather than a traditional final average pay formula, in its January 18, 2018 Order in Case No. 2017-00179.¹ In this Order, the Commission also recognized that participation in the Company's traditional final average pay pension formula was frozen in 2000 and that benefits from this formula were frozen in 2010. It is currently unlikely that pension benefits for any active employees will be determined based on their frozen final average pay formula benefits.

The cash balance formula provides a contribution of 3% to 8.5% (depending on age and years of service) of each participant's eligible earnings after their first year of service to an individual cash balance pension account that grows with interest. Participants who are eligible for benefits from both pension formulas receive the larger of the two pension benefits, not benefits from both formulas.

¹ Order at 15, *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 (Ky. P.S.C. Jan. 18, 2018).

Kentucky Power Company
KPSC Case No. 2025-00257
AG-KIUC's Second Set of Data Requests
Dated October 23, 2025
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The Company meets both its cash balance and frozen final average pay pension obligations with contributions to a pension trust. The Company, not the participant, bears the investment and other risks associated with the trust and its pension obligations. Therefore, both pension formulas are considered defined benefits under ERISA.

The Company's 401k and cash balance formula pension contributions were designed together to provide reasonable and market-competitive benefits in total. Each of these contributions is less than would be needed to provide market-competitive retirement benefits to participants using a single stand-alone benefit formula. In other words, this design provides a "swirl cone" of the two types of retirement income benefits but does not increase the total size of the cup or cone. This results in cost reasonable and market-competitive retirement income benefits within a cost reasonable and market-competitive overall benefit package within a cost-reasonable and market-competitive total rewards package. This is presumably a large part of the reason the Commission allowed the Company to recover the cost of both types of plans in Case No. 2017-00179.

New employees may participate upon hire and receive matching contributions under the 401k plan but do not begin accruing benefits in the cash balance pension plan until after one year of Company or other AEP subsidiary service. Therefore, not all of the employees who participate in the 401(k) plan also participate in the defined benefit pension plan.

Witness: Andrew R. Carlin

Kentucky Power Company
KPSC Case No. 2020-00174
Commission Staff's Post-Hearing Data Requests
Dated November 30, 2020
Page 1 of 2

DATA REQUEST

- KPSC_PH_003** Refer to the response to Commission Staff's Fourth Request for Information, Item 106.
- a. Provide the amount of 401(k) matched contributions by Kentucky Power during the test period.
 - b. Provide the amount of Kentucky Power's defined benefit pension expense for the test period.
 - c. Provide the amount of 401(k) matched contributions Kentucky Power provided during the test period for employees that participate in a defined benefit pension plan.

RESPONSE

- a. Please refer to KPCO_R_KPSC_PH_3_Attachment1 for the requested information
- b. Please refer to KPCO_R_KPSC_PH_3_Attachment2 for Kentucky Power Company's cash balance formula pension expense during the test year.
- c. The Commission recognized the Company's cash balance pension benefit was based on a 'defined contribution' formula, rather than a traditional final average pay formula, in its January 18, 2018 order in Case No. 2017-00179¹. The cash balance formula provides a contribution of 3% to 8.5% (depending on age and years of service) of each participant's eligible earnings to an individual cash balance pension account that grows with interest. In this order, the Commission also recognized that participation in the Company's traditional final average pay pension formula was frozen in 2000 and that benefits from this formula were frozen in 2010. The Company meets both its cash balance and frozen final average pay pension obligations with contributions to a pension trust. The Company, not the participant, bears the investment and other risks associated with the trust and its pension obligations and both pension formulas are considered to be a defined benefits under ERISA.

The Company's 401k and cash balance formula pension contributions were designed together to provide reasonable and market competitive benefits in total. Each of these contributions is less than would be needed to provide market competitive retirement benefits to participants using a single stand-alone benefit formula. This is presumably a large part of the reason the Commission allowed the Company to recover the cost of both types of plans in the Company's previous rate case. In accordance with this 'swirl cone' design, all employees who participate in the 401(k) plan also participate in the cash balance pension formula and the entire amount of 401(k) matching contributions shown

Kentucky Power Company
KPSC Case No. 2020-00174
Commission Staff's Post-Hearing Data Requests
Dated November 30, 2020
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in a. above was provided for employees who also participated in the cash balance pension formula.

¹ Order, Case No. 2017-00179, at 15 (Jan. 18, 2018).

Witness: Heather M. Whitney

Witness: Andrew R. Carlin

401(k) Savings Plan Contribution Expense During Test Year Ended 3/31/2020			
Line No.	Amount	Description	Reference
1	1,757,680	Expense per Books - Account 9260027	KPCO_R_KPSC_2_1_Attachment 1
2	0.985	A&G Kentucky Jurisdictional Allocation Factor	Application Section V, Exhibit 1, Page 86 of 87, Line 15
3	1,731,315	Unadjusted Kentucky Jurisdictional Amount	
4	(57,469)	Kentucky Jurisdictional Savings Plan Expense Adjustment	Application, Section V, Exhibit 2, Adjustment W30 on Page 31 of 66, Line 10
5	<u>1,673,846</u>	Adjusted Kentucky Jurisdictional Amount	

Commission Staff's Post Hearing Data Requests
 Item No. 3b
 Attachment 2

Line No.	Description	Cash Balance Formula Pension Expense Test Year Ended 3/31/2020				Reference
		110 - Dist	117 - Gen	180 - Tran	Total	
1	A 2020 Expected - Account 9260003 (Pension Plan - Service)	1,535,362	880,508	-	2,415,870	KPCO_R_KPSC_3_1_Attachment10_WhitneyWP1, Tab W21_PG_1_of_2
2	B 2020 Expected - Account 9260062 (Pension Plan - Non-Service)	462,944	(633,605)	96,459	(74,202)	KPCO_R_KPSC_3_1_Attachment10_WhitneyWP1, Tab W21_PG_1_of_2
3	C 2020 Expected - Account 9260037 (Supplemental Pension - Service)	2,880	256	-	3,136	KPCO_R_KPSC_3_1_Attachment10_WhitneyWP1, Tab W21_PG_1_of_2
4	D 2020 Expected - Account 9260042 (SERP Pension - Non-Service)	4,093	166	-	4,259	KPCO_R_KPSC_3_1_Attachment10_WhitneyWP1, Tab W21_PG_1_of_2
5	A + B + C + D = E 2020 Expected Cash Balance Formula Pension Cost (Actuarial Estimates)	2,005,279	247,326	96,459	2,349,064	
6	F KPCo O&M%	58.71%	58.71%	58.71%	58.71%	Application, Section V, Exhibit 2, Adjustment W21 on Page 22 of 66, Line 5
7	((A+C) x F) + B + D = G 2020 Expected Cash Balance Formula Pension Expense (Actuarial Estimates)	1,370,139	(116,342)	96,459	1,350,256	
8	H KY Jurisdictional Factor - OML				0.990	Application, Section V, Exhibit 2, Adjustment W21 on Page 22 of 66, Line 19
9	G x H = I Kentucky Jurisdictional Amount - Cash Balance Formula Pension Expense				1,336,753	Note

Note: As described in the Direct Testimony of Company Witness Whitney, the company made one cost of service adjustment (Section V, Exhibit 2 W21), "for known changes from test year pension and OPEB costs related to both active and inactive Company employees. This adjustment is based on 2020 forecasts, as provided by the Company's actuaries, Willis, Towers and Watson, less actual costs for the test year ended March 31, 2020. After applying corresponding O&M and retail allocation factors, the retail jurisdictional share of the cost of service decrease for pension and OPEB expense is \$(8,840)." See "Reconciliation to W21" tab for a reconciliation that ties the test year Cash Balance Formula Pension Expense shown above into the Company's cost of service adjustment at Section V, Exhibit 2 W21, which included both pension and OPEB expense/(benefit) for the test year ended March 31, 2020.

EXHIBIT RAF-5

Kentucky Power Company
KPSC Case No. 2025-00257
AG-KIUC's First Set of Data Requests
Dated September 29, 2025

DATA REQUEST

AG_KIUC Provide the amount of 401(k) matching contributions included in the test
1_76 year associated with employees who also participated in the Company's
defined benefit plan.

RESPONSE

The Company objects to this request as vague, undefined, and overly broad. Subject to and without waiving this objection, Kentucky Power states as follows. The amount of 401(k) contributions included in the test year, inclusive of the Company's 50% ownership of the Mitchell Plant, equaled approximately \$1,934,000.

Witness: Brian C. Ciborek

EXHIBIT RAF-6

Kentucky Power Company
KPSC Case No. 2025-00257
AG-KIUC's First Set of Data Requests
Dated September 29, 2025

DATA REQUEST

AG_KIUC Reference Section V Exhibit 2 adjustment W42 at line 2, which shows test
1_49 year total Company actual property tax expense of \$11,150,129.
 Reference also Section V Schedule 4 at line 482, which shows test year
 per books total Company real and personal property tax expense of
 \$13,561,919. Provide a reconciliation between these amounts and explain
 all reasons why the amounts are different.

RESPONSE

The Company objects that this request to the extent it mischaracterizes the Company's filing; namely, Section V Exhibit 2 and Section V Schedule 4. The Company further objects that the request seeks "reconciliation," which is vague, undefined, and seeks a narrative response. Subject to and without waiving these objections, Kentucky Power states as follows. The \$13,561,919 is the expense recorded on the books for the test year ended May 31, 2025, for accounts 408100521, 408100522, 408100523, and 408100524. The \$11,150,129 excludes expenses recorded during the test year that relate to activity outside of the test year.

The test-year expense includes an entry that was recorded in December 2024 which was recorded to true-up the property tax expense accruals recorded monthly from January through December 2024. The portion of the December 2024 adjustment that relates to the true-up of the monthly expense accrual for the months of January through May 2024 is excluded from the adjusted \$11.15 million value. In addition to the accrual adjustment recorded in December 2024, expenses were recorded during the test year related to assessments received for tax years 2021, 2022, and 2023 to true-up the monthly accruals recorded during calendar year 2024. The portion of these adjustments that related to the accrual of expenses for January through May 2024 were excluded from the \$11.15 million value. Please see KPCO_R_AG_KIUC_1_44_Attachment1, for the details on the \$11,150,129.

Witness: David A. Hodgson

Kentucky Power Company
KPSC Case No. 2025-00257
AG-KIUC's First Set of Data Requests
Dated September 29, 2025

DATA REQUEST

AG_KIUC Reference Section V Exhibit 2 adjustment W42 at line 1, which shows test
1_50 year total Company projected property tax expense of \$15,412,943.
 Reference also Section V Schedule 4 at line 482, which shows test year
 projected jurisdictional real and personal property tax expense of
 \$17,635.899. Provide a reconciliation between these amounts and explain
 all reasons why the amounts are different. Be sure to distinguish amounts
 between total Company and jurisdictional.

RESPONSE

The Company objects to this request to the extent it mischaracterizes the Company's filing, including Section V Exhibit 2 and Section V Schedule 4. The Company further objects to this request as the term "reconciliation," is vague, undefined, and overly broad. Subject to and without waiving these objections, Kentucky Power states as follows. W42 has a starting book value of \$11.15 million which is the test year property tax expense excluding out-of-period items as discussed in response to AG KIUC 1 49. Section V Schedule 4 has a starting value of \$13.56 million which is equal to the expense recorded on the books for the test year ended May 31, 2025, without adjustments. When applying the adjustment to property tax expense of \$4 million calculated on W42, it resulted in the ending value equaling \$15.4 million on W42 and \$17.6 million on Section V Schedule 4. Please refer to AG_KIUC_1_49 for details pertaining to the starting value of \$11.15 million versus \$13.56 million.

Witness: David A. Hodgson

Kentucky Power Company
KPSC Case No. 2025-00257
AG-KIUC's First Set of Data Requests
Dated September 29, 2025

DATA REQUEST

**AG_KIUC
1_51** Refer to the Direct Testimony of David Hodgson at 6 wherein he states that the “adjustment to increase property tax expense by \$4.2 million removes the impact of favorable out-of-period activity recorded during the test year and more accurately aligns the property tax expense in the cost-of-service with the rate base at the end of the test year.”

a. Provide each of the “favorable out-of-period activity” impacts on a dollar basis to the property tax adjustment W42 being referenced in this statement.

b. Provide the source data and calculations of the \$4.2 million in electronic format with all formulas in place.

c. For each of the “favorable out-of-period activity” impacts being referenced in this statement, explain why they should not be considered recurring for cost of service purposes.

RESPONSE

The \$4.2 million adjustment is the difference between the 2024 property tax expense of \$15.4 million and the \$11.2 million discussed in response to AG KIUC 1_49.

a. The out-of-period activity that was excluded in the determination of the \$11.2 million is discussed in response to AG KIUC 1_49. The true-up to the property tax expense accruals that was recorded in December 2024 reduced the test-year property tax expense by \$2.2 million. The true-up related to the 2021-2023 assessments received during calendar year 2024 reduced the test-year property tax expense by \$0.2 million.

b. See KPCO_R_AG_KIUC_1_44_Attachment 1.

c. The out-of-period adjustments represent the discrepancies between the anticipated and actual taxes paid for a specific year. These variances can be either beneficial or detrimental in any given year, and the amounts are not consistent or recurring.

Witness: David A. Hodgson

EXHIBIT RAF-7

Kentucky Power Company
KPSC Case No. 2025-00257
AG-KIUC's First Set of Data Requests
Dated September 29, 2025

DATA REQUEST

AG_KIUC Reference Section V Exhibit 2 adjustment W42 which details the
1_44 annualization adjustment for property taxes expense.

a. Provide the calculation of the estimated test year property tax expense based on the December 31, 2024 Assessed Property Tax Value reflected on Line 1, including the calculation or other source of the property tax rates. Provide in electronic format with all formulas in place and provide all workpapers, including all source documents, used to determine the amounts associated with test year proforma expense in the various cell references.

b. Indicate the amounts of property tax costs in the test year that were expensed, capitalized, or charged to other. In addition, indicate whether the allocation of property tax costs to these categories were changed in any way in the estimation of property tax expense based on the December 31, 2024 Assessed Property Tax Value.

c. Indicate all known reasons for the estimated increases in property tax expenses based on the December 31, 2024 Assessed Property Tax Value compared to actual test year amounts. Include such expected changes in net plant, operating income, tax rate increases, and all other component increases as part of the response.

RESPONSE

The Company objects to this request as vague, undefined, and overly broad. Subject to and without waiving this objection, Kentucky Power states as follows:

a. See KPCO_R_AG_KIUC_1_44_Attachment1 for the estimated property expense calculation in electronic format.

b. Please see the Company's response to sub-part a.

c. Please refer to the Company's responses for AG-KIUC 1_45 a.-d.

Witness: David A. Hodgson

Kentucky Power Company
Annualization of Property Taxes
Twelve Months Ended 5/31/2025
W49

Line No.	Description	Amount
1	Net Estimated Property Tax Based on December 31, 2024 Assessible Property Value and Latest Actual Property Rates	\$15,412,943
2	Net Property Tax Charged 4081005, 4081029 & 4081036 12 Months Ended 05/31/2025	<u>\$11,150,129</u>
3	Adjustment to Property Tax Expense (Ln 3 - Ln 6)	\$4,262,813
	Allocation Factor - Gross Plant Total	1 <u><u>\$4,262,813</u></u>

Witness: Dave Hodgson

Owned Property Calculation:

	12/31/2023	12/31/2024	
KY Total Expense Amount		\$16,830,216	Utility Expense Amount KY, 408.1
Less KY Generation		\$1,485,440	Less KY Generation, 408.1
TY2024 Expense Amt Total		\$15,344,777	TY2024 Expense Amt Total
Per month Amt		\$1,278,731	Per month Amt
Jun-Dec 2024 KY T&D (plus adjs)	\$7,404,327	\$5,636,765	Jan-May 2025 KY T&D
		\$13,041,092	Total KY Def Amt for Period Ending 12/31/2024

Leased PP Calculation:

	12/31/2023	12/31/2024	
KY Total Expense Amount		\$63,542	Expense Amount KY
Less KY Generation		\$16,866	Less KY Generation, 408.1
TY2024 Expense Amt Total		\$46,675	TY2024 Expense Amt Total
Per month Amt		\$3,890	Per month Amt
Jun-Dec 2024 KY T&D (plus adjs)	\$244,818	\$267,160	Jan-May 2025 KY T&D
		\$511,978	Total KY Def Amt for Period Ending 12/31/2024

Leased RE Calculation:

	12/31/2023	12/31/2024	
Annual Amount		\$21,491	All KY, no generation, Leased RE
Per month Amt		\$1,791	Per month Amt
Jun-Dec 2024 KY T&D (plus adjs)	\$8,202	\$6,250	Jan-May 2025 KY T&D
		\$14,452	Total KY Def Amt for Period Ending 12/31/2024
		\$13,567,522	Ties to Bus Obj Pivot w_BU T&D only (12 months exp, ending 5/31/2025)

Total Annual Amt. \$15,412,943 TY2025 Full Year Expense, T&D only

KY Overaccrual (T&D only) \$0 2024 (none)

Total 2025 T&D Accrual revised \$15,412,943 TY2025 Revised Full Year Expense, T&D only

Sum of Debit / (Credit)		Column Labels				
Row Labels	JE ID	JE Date	110	117	180	Grand Total
408100521	TXACCABA	11/20/2024	(25,903.25)			(25,903.25)
408100521 Total			(25,903.25)			(25,903.25)
408100522	TXOUAABA	12/30/2024	(698,856.00)	(133,673.00)	(482,471.00)	(1,315,000.00)
408100522 Total			(698,856.00)	(133,673.00)	(482,471.00)	(1,315,000.00)
408102922	TXACCABA	8/24/2024	(187,829.58)	(5,726.79)	(178,906.73)	(372,463.10)
408102922 Total			(187,829.58)	(5,726.79)	(178,906.73)	(372,463.10)
408103623	TXACCABA	8/26/2024	7,431.19			7,431.19
408103623 Total			7,431.19			7,431.19
408103624	TXACCABA	6/30/2024	1,134.00			1,134.00
		7/31/2024	1,134.00			1,134.00
		8/31/2024	1,134.00			1,134.00
		9/30/2024	1,134.00			1,134.00
		10/31/2024	1,134.00			1,134.00
		11/30/2024	1,134.00			1,134.00
		12/31/2024	1,136.00			1,136.00
	TXOUAABA	12/30/2024	449.44			449.44
408103624 Total			8,389.44			8,389.44
408100524	TXAMTAB A	1/31/2025	706,444.00	121,347.00	420,909.00	1,248,700.00
		2/28/2025	706,444.00	121,347.00	420,909.00	1,248,700.00
		3/31/2025	706,444.00	121,347.00	420,909.00	1,248,700.00
		4/30/2025	706,444.00	121,347.00	420,909.00	1,248,700.00
		5/31/2025	706,444.00	121,347.00	420,909.00	1,248,700.00
408100524 Total			3,532,220.00	606,735.00	2,104,545.00	6,243,500.00
408102924	TXAMTAB A	6/30/2024	48,269.00	1,630.00	1,202.00	51,101.00
		7/31/2024	48,269.00	1,630.00	1,202.00	51,101.00
		8/31/2024	48,269.00	1,630.00	1,202.00	51,101.00
		9/30/2024	48,269.00	1,630.00	1,202.00	51,101.00
		10/31/2024	48,269.00	1,630.00	1,202.00	51,101.00
		11/30/2024	48,269.00	1,630.00	1,202.00	51,101.00
		12/31/2024	48,271.00	1,630.00	1,198.00	51,099.00
		12/19/2024	(169,737.00)	(5,732.00)	(4,223.00)	(179,692.00)
408102924 Total			168,148.00	5,678.00	4,187.00	178,013.00
408102925	TXAMTAB A	1/31/2025	52,134.00	1,760.00	1,298.00	55,192.00
		2/28/2025	52,134.00	1,760.00	1,298.00	55,192.00
		3/31/2025	52,134.00	1,760.00	1,298.00	55,192.00
		4/30/2025	52,134.00	1,760.00	1,298.00	55,192.00
		5/31/2025	52,134.00	1,760.00	1,298.00	55,192.00
408102925 Total			260,670.00	8,800.00	6,490.00	275,960.00
408103625	TXACCABA	1/31/2025	1,250.00			1,250.00
		2/28/2025	1,250.00			1,250.00
		3/31/2025	1,250.00			1,250.00
		4/30/2025	1,250.00			1,250.00
		5/31/2025	1,250.00			1,250.00
408103625 Total			6,250.00			6,250.00
408100523	TXAMTAB A	6/30/2024	959,733.00	179,219.00	599,298.00	1,738,250.00
		7/31/2024	959,733.00	179,219.00	599,298.00	1,738,250.00
		8/31/2024	959,733.00	179,219.00	599,298.00	1,738,250.00
		9/30/2024	959,733.00	179,219.00	599,298.00	1,738,250.00
		10/31/2024	959,733.00	179,219.00	599,298.00	1,738,250.00
		11/30/2024	959,733.00	179,219.00	599,298.00	1,738,250.00
		12/31/2024	959,729.96	179,218.00	599,302.01	1,738,249.97
		12/19/2024	(3,581,708.00)	(644,275.00)	(2,433,534.00)	(6,659,517.00)
408100523 Total			3,136,419.96	610,257.00	1,761,556.01	5,508,232.97
Grand Total			6,206,939.76	1,092,070.21	3,215,400.28	10,514,410.25
	408.1		10,250,347.96	1,861,267.00	6,299,635.01	13,567,522.31
	7/12 of adj		(2,089,329.67)	(375,827.08)	(1,419,561.50)	\$11,150,129.16
			8,161,018.29	1,485,439.92	4,880,073.51	2,417,393.15
	408.129		598,555.00	20,210.00	14,900.00	13,567,522.31
	7/12 of adj		(99,013.25)	(3,343.67)	(2,463.42)	2,417,393.15
			499,541.75	16,866.33	12,436.58	15,984,915.46
	408.136		14,190.00			
	7/12 of adj		262.17			
			14,452.17			
					13,567,522.31	

Prior Year Adjusts made in 202	(905,157.64)	0.00	-\$905,157.64
ortion of prior year adjs-9/12-in period (Apr-Dec 2024)	\$678,868.23	\$0.00	\$678,868.23
tjusting out prior period portion of full-year adjustment	\$7,934,728.88	\$3,215,400.28	-\$226,289.41
		<u>\$11,150,129.16</u>	

EXHIBIT RAF-8

Kentucky Power Company
KPSC Case No. 2025-00257
AG-KIUC's First Set of Data Requests
Dated September 29, 2025

DATA REQUEST

AG_KIUC Reference Section V Exhibit 2 adjustment W42. Provide the monthly
1_46 expense recorded in the three accounts referenced (4081005, 4081029 and 4081036) and in all other real and personal property tax accounts for each month and in total for each calendar year during 2022, 2023, 2024 and to date during 2025. In addition, provide the same information for costs in any subaccounts not reflected above.

RESPONSE

The Company objects to this request to the extent it seeks information that is outside of the test year period and, therefore, is not reasonably calculated to lead to the discovery of relevant or admissible evidence. Subject to and without waiving this objection, Kentucky Power states, please see KPCO_R_AG_KIUC_1_46_Attachment1 for requested property tax expenses from January 2022 through August 2025.

Witness: David A. Hodgson

Sum of Amount	Column Labels			
Row Labels	KY	MI	WV	Grand Total
4081005	54,856,511	(10)	11,788,155	66,644,656
2022	15,319,300		3,365,762	18,685,062
2023	15,855,736		3,084,813	18,940,548
2024	13,691,876	(10)	3,138,351	16,830,216
2025	9,989,600		2,199,230	12,188,830
Jan	1,248,700		262,522	1,511,222
Feb	1,248,700		262,522	1,511,222
Mar	1,248,700		262,522	1,511,222
Apr	1,248,700		262,522	1,511,222
May	1,248,700		262,522	1,511,222
Jun	1,248,700		262,517	1,511,217
Jul	1,248,700		312,832	1,561,532
Aug	1,248,700		311,271	1,559,971
4081029	966,373		13,505	979,878
2022	533,610		6,889	540,499
2023	(69,828)		1,278	(68,551)
2024	61,055		2,487	63,542
2025	441,536		2,852	444,388
Jan	55,192			55,192
Feb	55,192			55,192
Mar	55,192			55,192
Apr	55,192			55,192
May	55,192			55,192
Jun	55,192			55,192
Jul	55,192		2,852	58,044
Aug	55,192			55,192
4081036	58,710			58,710
2022	13,600			13,600
2023	13,619			13,619
2024	21,491			21,491
2025	10,000			10,000
Jan	1,250			1,250
Feb	1,250			1,250
Mar	1,250			1,250
Apr	1,250			1,250
May	1,250			1,250
Jun	1,250			1,250
Jul	1,250			1,250
Aug	1,250			1,250
Grand Total	55,881,594	(10)	11,801,660	67,683,244

EXHIBIT RAF-9

Kentucky Power Company
KPSC Case No. 2025-00257
AG-KIUC's Second Set of Data Requests
Dated October 23, 2025
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DATA REQUEST

**AG_KIUC
2_12** Refer to proforma adjustment W42 at line 1 which lists the net estimated property tax amount of \$15,412,943 based on December 31, 2024 property values and rates. Refer further to line 2 of the same adjustment which lists the property tax charged amount of \$11,150,129 for the 12 months ended May 31, 2025. Refer further to the electronic attachment provided in response to AG-KIUC 1-44 named KPCO_R_AG_KIUC_1_44_Attachment1 and further to tabs Est. Tax Calc and Pivot. Finally, refer to the electronic attachment provided in response to AG- KIUC 1-46 named KPCO_R_AG_KIUC_1_46_Attachment1 and further to tab Pivot Table.

a. Refer further to the \$16,830,216 in cell C4 in AG-KIUC 1-44 named KPCO_R_AG_KIUC_1_44_Attachment1 and tab Est. Tax Calc. Confirm that this amount is described as the KY Total Expense Amount.

b. Refer further to the \$16,830,216 in cell C4 in KPCO_R_AG_KIUC_1_44_Attachment1 and tab Est. Tax Calc. Confirm that this amount is derived from the total of all expenses recorded in 2024 for Kentucky (\$13,691,876), Michigan (-\$10), and West Virginia (\$3,138,351) in cell row 8 in KPCO_R_AG_KIUC_1_46_Attachment1 and tab Pivot Table. If confirmed, explain why the sum for all three states was used as the starting point of Kentucky only property taxes in cell C4 in KPCO_R_AG_KIUC_1_44_Attachment1 and tab Est. Tax Calc. that was ultimately the source of the \$15,412,943 amount on line 1 of proforma adjustment w42.

c. Refer further to the \$11,150,129 in cell F76 in AG-KIUC 1-44 named KPCO_R_AG_KIUC_1_44_Attachment1 and tab Pivot. Confirm that this amount is computed from the Kentucky-only amounts from the various accounting data in the cell rows above it. If confirmed, explain why this amount, also on proforma adjustment W42 at line 2, is a Kentucky-only amount while the amount on line 1 of the same adjustment is related to expenses in Kentucky, Michigan, and West Virginia.

d. If the Company believes that there is an error in the comparison of property tax expenses on proforma adjustment W42, so state and provide an updated proforma adjustment 42 and all supporting calculations. If not, explain why not.

Kentucky Power Company
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RESPONSE

- a. While the \$16,830,216 is described as KY Total Expense Amount in AG-KIUC 1-44 cell C4, the actual amount represented in that cell reflects property tax expense for the states of Kentucky, West Virginia, and Michigan.
- b. Confirmed. The sum of the property tax expense for all three states represent the total property tax expense for Kentucky Power as it includes the property taxes paid to West Virginia that are associated with Kentucky Power's 50% interest in the Mitchell Generating Plant located in Louisa, West Virginia.
- c. The Company confirms that the \$11,150,129 in cell F76 on KPCO_R_AG_KIUC_1_44_Attachment1 is computed from the property tax expense only for the state of Kentucky. However, please see the Company's response to sub-part d for an updated calculation of the pro forma W42 adjustment, which calculates the test period property tax expense based upon any applicable state property taxes (e.g. Kentucky and West Virginia).
- d. See KPCO_R_AG_KIUC_2_12_Attachment1 for an updated proforma adjustment 42 and supporting calculation. The updated proforma adjustment of \$3,943,827 is the difference between the going level Kentucky and West Virginia property tax expense of \$17,800,646 and the \$13,667,986 of Kentucky, West Virginia, and Michigan property tax expense recorded on the Company's books for the test year less \$188,833 for the environmental surcharge proforma adjustment.

Witness: David A. Hodgson

Kentucky Power Company
Annualization of Property Taxes
Twelve Months Ended 5/31/2025
W42

Line No.	Description	Amount
1	Net Estimated Property Tax Based on December 31, 2023 Assessible Property Value and Latest Actual Property Rates	\$17,800,646
2	Net Property Tax Charged 4081005, 4081029 & 4081036 12 Months Ended 05/31/2025	<u>\$13,667,986</u>
3	Adjustment to Property Tax Expense (Ln 3 - Ln 6)	\$4,132,660
4	Environmental Surcharge - Remove Mitchell FGD Exp (W02)	(\$188,833)
5	Total Adjustment to Property Tax Expense	<u>\$3,943,827</u>
	Allocation Factor - Gross Plant Total	1.00 <u><u>\$3,943,827</u></u>

Witness: David Hodgson

Date (Multiple Items)

Sum of Amount	Column Labels			
Row Labels	KY	MI	WV	Grand Total
4081005	10,411,135	(10)	3,150,793	13,561,919
2024	4,167,635	(10)	1,838,183	6,005,809
Jun	1,738,250		260,032	1,998,282
Jul	1,738,250	(10)	271,091	2,009,330
Aug	1,738,556		269,061	2,007,616
Sep	1,738,250		250,434	1,988,684
Oct	1,738,250		262,522	2,000,772
Nov	1,712,347		262,522	1,974,869
Dec	(6,236,267)		262,522	(5,973,745)
2025	6,243,500		1,312,610	7,556,110
Jan	1,248,700		262,522	1,511,222
Feb	1,248,700		262,522	1,511,222
Mar	1,248,700		262,522	1,511,222
Apr	1,248,700		262,522	1,511,222
May	1,248,700		262,522	1,511,222
4081029	81,510		2,487	83,997
2024	(194,450)		2,487	(191,963)
Jun	51,101			51,101
Jul	51,101		3,319	54,420
Aug	(321,362)			(321,362)
Sep	51,101		(832)	50,269
Oct	51,101			51,101
Nov	51,101			51,101
Dec	(128,593)			(128,593)
2025	275,960			275,960
Jan	55,192			55,192
Feb	55,192			55,192
Mar	55,192			55,192
Apr	55,192			55,192
May	55,192			55,192
4081036	22,071			22,071
2024	15,821			15,821
Jun	1,134			1,134
Jul	1,134			1,134
Aug	8,565			8,565
Sep	1,134			1,134
Oct	1,134			1,134
Nov	1,134			1,134
Dec	1,585			1,585
2025	6,250			6,250
Jan	1,250			1,250
Feb	1,250			1,250
Mar	1,250			1,250
Apr	1,250			1,250
May	1,250			1,250
Grand Total	10,514,716	(10)	3,153,280	13,667,986

Sum of Debit / (Credit)		Column Labels					
Row Labels	JE ID	JE Date	110	117	180	Grand Total	
408100521	TXACCABA	3/25/2024	778,009.48		6.55	54,974.31	832,990.34
		11/20/2024	(25,903.25)				(25,903.25)
408100521 Total			752,106.23		6.55	54,974.31	807,087.09
408100522	TXOUAABA	12/30/2024	(698,856.00)	(133,673.00)		(482,471.00)	(1,315,000.00)
408100522 Total			(698,856.00)	(133,673.00)		(482,471.00)	(1,315,000.00)
408102922	TXACCABA	8/24/2024	(187,829.58)	(5,726.79)		(178,906.73)	(372,463.10)
408102922 Total			(187,829.58)	(5,726.79)		(178,906.73)	(372,463.10)
408103623	TXACCABA	8/26/2024	7,431.19				7,431.19
408103623 Total			7,431.19				7,431.19
408103624	TXACCABA	1/31/2024	1,134.00				1,134.00
		2/29/2024	1,134.00				1,134.00
		3/31/2024	1,134.00				1,134.00
		4/30/2024	1,134.00				1,134.00
		5/31/2024	1,134.00				1,134.00
		6/30/2024	1,134.00				1,134.00
		7/31/2024	1,134.00				1,134.00
		8/31/2024	1,134.00				1,134.00
		9/30/2024	1,134.00				1,134.00
		10/31/2024	1,134.00				1,134.00
		11/30/2024	1,134.00				1,134.00
		12/31/2024	1,136.00				1,136.00
	TXOUAABA	12/30/2024	449.44				449.44
408103624 Total			14,059.44				14,059.44
408102924	TXAMTABA	1/31/2024	48,269.00	1,630.00		1,202.00	51,101.00
		2/29/2024	48,269.00	1,630.00		1,202.00	51,101.00
		3/31/2024	48,269.00	1,630.00		1,202.00	51,101.00
		4/30/2024	48,269.00	1,630.00		1,202.00	51,101.00
		5/31/2024	48,269.00	1,630.00		1,202.00	51,101.00
		6/30/2024	48,269.00	1,630.00		1,202.00	51,101.00
		7/31/2024	48,269.00	1,630.00		1,202.00	51,101.00
		8/31/2024	48,269.00	1,630.00		1,202.00	51,101.00
		9/30/2024	48,269.00	1,630.00		1,202.00	51,101.00
		10/31/2024	48,269.00	1,630.00		1,202.00	51,101.00
		11/30/2024	48,269.00	1,630.00		1,202.00	51,101.00
		12/31/2024	48,271.00	1,630.00		1,198.00	51,099.00
		12/19/2024	(169,737.00)	(5,732.00)		(4,223.00)	(179,692.00)
408102924 Total			409,493.00	13,828.00		10,197.00	433,518.00
408100523	TXACCJKN	8/26/2024	305.57				305.57
	TXAMTABA	1/31/2024	959,733.00	179,219.00		599,298.00	1,738,250.00
		2/29/2024	959,733.00	179,219.00		599,298.00	1,738,250.00
		3/31/2024	959,733.00	179,219.00		599,298.00	1,738,250.00
		4/30/2024	959,733.00	179,219.00		599,298.00	1,738,250.00
		5/31/2024	959,733.00	179,219.00		599,298.00	1,738,250.00
		6/30/2024	959,733.00	179,219.00		599,298.00	1,738,250.00
		7/31/2024	959,733.00	179,219.00		599,298.00	1,738,250.00
		8/31/2024	959,733.00	179,219.00		599,298.00	1,738,250.00
		9/30/2024	959,733.00	179,219.00		599,298.00	1,738,250.00
		10/31/2024	959,733.00	179,219.00		599,298.00	1,738,250.00
		11/30/2024	959,733.00	179,219.00		599,298.00	1,738,250.00
		12/31/2024	959,729.96	179,218.00		599,302.01	1,738,249.97
		12/19/2024	(3,581,708.00)	(644,275.00)		(2,433,534.00)	(6,659,517.00)
408100523 Total			7,935,390.53	1,506,352.00		4,758,046.01	14,199,788.54
Grand Total			8,231,794.81	1,380,786.76		4,161,839.59	13,774,421.16

Subtotal 8,358,942.97 1,520,180.00 4,768,243.01

Total 12 Mo 05312025 KY Adjusted **14,647,365.98**

EXHIBIT RAF-10

Kentucky Power Company
KPSC Case No. 2025-00257
AG-KIUC's First Set of Data Requests
Dated September 29, 2025

DATA REQUEST

AG_KIUC Refer to the electronic attachment response to Staff 1-1 named
1_85 "KPCO_R_KPSC_1_1_Attachment1" and further to the expenses listed for account 9260064 (Def AEPSC Pension Settlement) for the following years: 2022 \$0 2023 \$0 2024 \$1,688,800 Test Year \$1,689,276

- a. Describe the expense that is depicted in this account starting in 2024, including the source of the amount and how it was determined.
- b. Indicate whether the test year amount should be considered recurring and explain why.
- c. Provide the amount recorded in this account for each month during 2024 and 2025 to date.

RESPONSE

The Company objects to this request to the extent it seeks information that is outside of the test year period and, therefore, is not reasonably calculated to lead to the discovery of relevant or admissible evidence. Subject to and without waiving these objections, the Company states as follows.

(a)&(b) - As discussed on pages 21 & 22 of Company Witness Ciborek's Direct Testimony, the test-year amount is not recurring and represents a one-time adjustment to record the expense associated with pension settlement accounting. Pension settlement accounting does not change the overall cost of the pension benefit plan; rather, it simply results in a change in the timing of expense recognition required by GAAP. For ratemaking purposes, a normalized level of net pension expense recognized under GAAP is included in base rate cost-of-service. Accelerated expense of \$1,689,276 associated with 2024 pension settlement accounting was removed (adjustment W46) from the normalized level of net pension expense reflected in Kentucky Power's requested base rate cost-of-service for ratemaking purposes. The adjustments recorded in December 2024 and January 2025 were calculated and provided by the Company's third-party actuary (Willis Towers Watson).

(c) - December 2024 – 1,688,800, January 2025 - \$476, total \$1,689,276.

Witness: Brian C. Ciborek

EXHIBIT RAF-11

Kentucky Power Company
KPSC Case No. 2025-00257
AG-KIUC's Second Set of Data Requests
Dated October 23, 2025
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DATA REQUEST

- AG_KIUC
2_10** Refer to the response to KPSC Staff 1-1(a) that provides operating expenses by FERC subaccount from 2022 through the test year. Refer further to the expenses listed for account 9230064, Def AEPSC Pension Settlement, of \$1,069,747 in the test year and account 9260064, Def AEPSC Pension Settlement, of \$1,689,276 in the test year. Refer also to the Company's proforma adjustments W46 and W47 that combine to defer and amortize over 12 years the \$1,689,276 recorded in account 9260064.
- a. Explain why the same ratemaking treatment requested for the amount in account 9260064 was not requested for the \$1,069,747 in account 9230064.
 - b. Explain why the expenses of \$1,069,747 in account 9230064 were incurred.
 - c. Confirm that the \$1,069,747 in account 9230064 is a non-recurring expense. If not confirmed, explain why the \$1,069,747 should be considered recurring when the amount in account 9260064 was considered to be non- recurring.

RESPONSE

The Company objects to this request to the extent it seeks information that is outside of the test year period and, therefore, is not reasonably calculated to lead to the discovery of relevant or admissible evidence. The Company further objects to the extent the request mischaracterizes the information provided in response to prior data requests and is argumentative. The Company further objects because the request is vague, undefined, and overly broad. Subject to and without waiving these objections, the Company states as follows:

- a. The \$1,069,747 of pension settlement costs in account 9260064 represents the Company's allocation of pension settlement costs incurred by AEPSC. Generally, cost-of-service adjustments are not made for costs allocated to the Company by AEPSC. As discussed by Company Witness Wolfram in response to AG_KIUC_1_37:

Kentucky Power Company
KPSC Case No. 2025-00257
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The Company has filed, and has traditionally filed, its base cases using a historic test year period, meaning the Company generally reflects the actual costs incurred during that period. In this case, the Company is treating AEPSC allocated costs as if it were cost incurred from any other third-party performing work for the Company during the test year. If the Company had not treated AEPSC billing this way, it would have made numerous adjustments to the AEPSC allocated costs to normalize those costs.

b. As discussed in the Direct Testimony of Company Witness Ciborek:

In April 2024, American Electric Power Corporation, Inc. (“AEP”) and its subsidiaries, including Kentucky Power, announced a voluntary severance program designed to achieve a reduction in the size of AEP’s workforce and help offset increasing operation and maintenance expenses caused by inflation. Some Kentucky Power employees requested to take the voluntary severance package, and substantially all of those employees were approved to terminate employment in July 2024. Many of those employees also chose to take lump-sum payments from the AEP qualified pension plan in 2024, causing 4 year-to-date lump-sum pension plan payments to exceed the applicable plan threshold in November 2024. AEP and its subsidiaries, including Kentucky Power, thus triggered Pension Settlement Accounting and recorded pension settlement accounting entries in the fourth quarter of 2024.

As discussed in the response to subpart (a), the \$1,069,747 represents the Company’s allocation of pension settlement costs incurred by AEPSC.

c. Confirmed. However, this charge is included in the Company’s test year AEP Service Corporation bill, which is a recurring charge to the Company. As explained above, the Company used the test year actual Service Corporation bill as a reasonable basis for Service Corporation charges moving forward and, as such, its inclusion in this instance is appropriate.

Witness: Brian C. Ciborek

Witness: Tanner S. Wolfram

EXHIBIT RAF-12

Kentucky Power Company
KPSC Case No. 2025-00257
AG-KIUC's First Set of Data Requests
Dated September 29, 2025

DATA REQUEST

AG_KIUC Identify whether Kentucky Power seeks to recover any dues paid to a
1_3 dues- requiring organization (either directly or indirectly through its parent) in the currently proposed rates. If so, identify the organization and the amount of recovery.

RESPONSE

The Company is seeking recovery of dues paid directly to three organizations: Edison Electric Institute for a total of \$92,666, Kentucky Chamber of Commerce for a total of \$20,040, and Kentucky Association of Manufacturers for a total of \$2,994. The rationale supporting the inclusion of these expenses is included within the Direct Testimony of Company Witness Cullop, pg 18, lines 14-23. Invoice support for these expenses can be found in Exhibit JDC-6 within the Direct Testimony of Company Witness Cullop.

Please see KPCO_R_AG_KIUC_1_3_Attachment1 for company memberships and dues paid indirectly by the Company through its AEPSC bill.

Witness: John D. Cullop

EXHIBIT RAF-13

Kentucky Power Company
KPSC Case No. 2025-00257
AG-KIUC's First Set of Data Requests
Dated September 29, 2025

DATA REQUEST

AG_KIUC Refer to the electronic file attached to the response to Staff 1-55 named
1_16 KPCO_R_KPSC_1_55_Attachment63_WPSection_V_Exhibit_1 at
worksheet tab 2 P1 and at cell K13. Explain all reasons why the formula
in that cell adds 0.0004 for the short-term debt rate added to the overall
cost of capital when all other factors reflected for short term debt are zero,
causing the proposed weighted average cost of capital to be 7.5740%
instead of only 7.57%.

RESPONSE

Shortly after the close of the test year, on June 12, 2025, the previously approved securitization bonds were issued, which resulted in a change to the Company's capital structure. Two \$150 million term loans and the outstanding balance of short-term debt was repaid with cash proceeds from securitization on June 12, 2025. Kentucky Power's short-term debt position moved from a borrowing position to an invested position as the balance was reduced to zero.

The Short Term Debt amount of .0004 was inadvertently included in error and the Company agrees that, if rounding to two decimal places, the weighted average cost of capital should reflect 7.57% resulting in a \$98,556 reduction to the originally filed revenue requirement of \$95,459,692.

Witness: Franz D. Messner

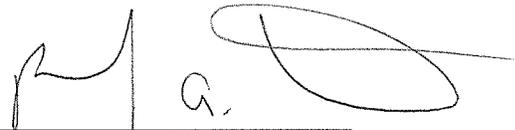
Witness: Jaclyn N. Cost

AFFIDAVIT

STATE OF GEORGIA)

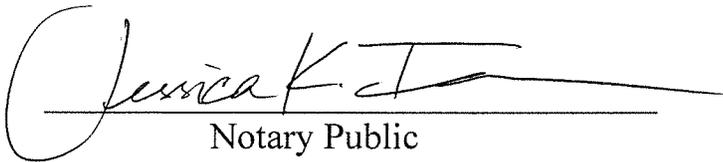
COUNTY OF FULTON)

RANDY A. FUTRAL, being duly sworn, deposes and states: that the attached is his sworn testimony and that the statements contained are true and correct to the best of his knowledge, information and belief.



Randy A. Futral

Sworn to and subscribed before me on this
17th day of November 2025.



Notary Public

Jessica K Inman
NOTARY PUBLIC
Cherokee County, GEORGIA
My Commission Expires 07/31/2027