

Kentucky Power Company
KPSC Case No. 2026-00001
AG-KIUC's Second Set of Data Requests
Dated April 17, 2026

DATA REQUEST

AG-KIUC Provide a copy of the Company's tariff book reflecting the rates
2_1 authorized by the Commission in Case 2025-00257, including Tariff G.R.

RESPONSE

Please see TFS filing TFS2026-00107, which is the Company's compliance tariff filing reflecting the rates and terms from its most recent base case, Case No. 2025-00257.

That document is available at the following link:

https://psc.ky.gov/trf4/uploadedFiles/300_Kentucky_Power_Company/03202026025432/KPCO_Tariff_Book_No_14_Annotated.pdf

Witness: Tanner S. Wolfram

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DATA REQUEST

AG-KIUC 2_2 Refer to the Company's response to AG-KIUC 1-5(a) and (b), which cites to Company Witness Coon's direct testimony at 12:4-23. The response did not provide the information requested. The referenced testimony describes the Company's request to use a 12-year life for depreciation purposes and the Company's use of a 25-year life for economic analyses purposes. The referenced testimony does not provide any support for the 25-year life for economic analyses purposes other than "in terms of an economic decision, the Company chose to use a 25-year life as that aligns with the cooling tower's useful life," and does not reconcile the use of the 12-year life for depreciation purposes, assuming a retirement date of 2040 and the 25-year life for economic analysis purposes, apparently assuming a retirement date of 2053. Please provide the information requested in AG-KIUC 1-5(a) and (b) or explain why the Company cannot do so.

RESPONSE

As stated in Company Witness Coon's Direct Testimony, the Company used a 25-year life for the economic analysis because that is the expected useful life of the proposed mechanical draft cooling tower. The 25-year life is a qualitative benefit of the proposed mechanical draft cooling tower. The proposed mechanical draft cooling tower gives the Company optionality for extending the operation of the Mitchell Plant beyond 2040 if doing so is possible under future environmental regulations. The other options, besides building a new combined cycle, in fact, have useful lives that are less than the current depreciable life of the Mitchell Plant.

Because no decision has been made (nor can be made in light of the uncertainty regarding environmental compliance obligations) regarding the post-2040 future of the Mitchell Plant, AEP Accounting recommended that, for ratemaking purposes, a 12-year depreciable life for the mechanical draft cooling tower to align with the current depreciable life of the Mitchell Plant. As stated in Company Witness Coon's Direct Testimony, if a decision is made to operate the Mitchell Plant beyond 2040, its depreciation rates, including the mechanical draft cooling tower, would be adjusted at that time.

Witness: Tanner S. Wolfram

Witness: Nicole M. Coon

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DATA REQUEST

AG-KIUC 2_3 Confirm the Company was aware of the problems with the Mitchell 2 cooling tower when it filed its applications in Case Nos. 2025-00257 and 2025-00175. Confirm further that Company Witness Alex Vaughan addressed the Mitchell 2 cooling tower options in his direct and supplemental direct testimonies in Case 2025-00175.

RESPONSE

The Company objects to this request as being vague because “problems with the Mitchell 2 cooling tower” is not defined. Without waiving this objection, the Company states as follows:

The Company filed its application in Case No. 2025-00175 on June 30, 2025, and in Case No. 2025-00257 on August 29, 2025. At the time the Company filed its application in Case No. 2025-00175, the Company was aware that the Unit 2 Cooling Tower required structural work and was performing the Initial Repair Project on the Unit 2 Cooling Tower to address that need. This work is described on pages 8 and 9 of Company Witness Snodgrass’s Direct Testimony in Case No. 2025-00175.

In late July 2025, after the Company filed its application in Case No. 2025-00175, the Company discovered (during performance of the Initial Repair Project) that the conditions of the Unit 2 Cooling Tower would require the scope of the Initial Repair Project to be expanded to successfully address the structural needs of the Unit 2 Cooling Tower. Because the expanded scope would take longer to complete and cost more than the original scope, the Company paused the Initial Repair Project to evaluate the best option for addressing the structural needs of the Unit 2 Cooling Tower. This is described on page 2 of Company Witness Vaughan’s Supplemental Testimony in Case No. 2025-00175, pages 3 and 4 of Company Witness Malone’s Direct Testimony in this proceeding, pages 5 and 6 of Company Witness Wolfram’s Direct Testimony in this proceeding, and on pages 5 through 7 of Company Witness Pizzino’s Direct Testimony in this proceeding. Company Witness Vaughan described the options for addressing the structural needs of the Unit 2 Cooling Tower in response to the determination that the scope of the Initial Repair Project would require expansion in his supplemental testimony in Case No. 2025-00175.

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During the pause in the Initial Repair Project, the Company evaluated the engineering, operational, and economic impacts of options to address the structural needs of the Unit 2 Cooling Tower. On October 10, 2025, after the Company filed its application in Case No. 2025-00257, the evaluation was sufficiently developed for Company Witness Vaughan to file his supplemental testimony in Case No. 2025-00175 for the purpose of providing the Commission and the Parties an update on the status of the cooling tower. The Company made the final decision to proceed to replace the existing Unit 2 Cooling Tower with a new mechanical draft cooling tower on November 6, 2025. This is described on page 9 of Company Witness Wolfram's Direct Testimony, as well as in Confidential Exhibit TSW-1 to the same in this proceeding. This application was filed on February 17, 2026.

Witness: Tanner S. Wolfram

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DATA REQUEST

AG-KIUC Refer to the Direct Testimony of Company Witness Wiseman in Case
2_4 2025-00257 at 13:16-21, wherein she stated:

“While the Company is proposing to update depreciation rates in this case, the Company is not proposing to adjust depreciation rates for the Mitchell Plant as discussed in the Direct Testimony of Company Witness Wolffram. Not only does this reduce immediate bill impacts to customers, it better positions the Company to pursue securitization of the Mitchell investments as further discussed by Company Witness Wolffram.”

Refer also to the Direct Testimony of Company Witness Tanner Wolffram in Case 2025-00257 at 22:11-14, wherein he stated:

“Further, given that the Company is committed to seeking securitization of the remaining net book value of the Mitchell Plant, and the currently pending application in Case No. 2025-00175, the Company also made the decision not to update the depreciation rates for the Mitchell Plant at this time.”

a. Confirm the Company’s request in this proceeding to apply a unique and much higher depreciation rate for the Mitchell 2 cooling tower is a change from its proposal and the stated rationale underlying its self-described “decision not to update the depreciation rates for the Mitchell Plant at this time” in Case 2025-00257.

b. Confirm that when Witness Tanner Wolffram filed rebuttal testimony in Case 2025-00257 agreeing that the proposed Tariff G.R. revenue requirement formula should be modified to include the AFUDC offset, consistent with the Company’s historic accounting and ratemaking, he was aware of the Mitchell 2 cooling tower capital costs and the Company’s intent to seek recovery of the costs of the Mitchell 2 cooling tower project through Tariff G.R.

RESPONSE

a. Denied. The Company is not proposing to apply a “unique and much higher depreciation rate” for the proposed mechanical draft cooling tower. Instead, and consistent with guidance from the AEP Accounting Department as described in the Company’s response

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to AG-KIUC 22, the Company is proposing depreciation rates for the mechanical draft cooling tower that align with the current depreciable life of the Mitchell Plant. If environmental compliance obligations allow, and a decision is made to operate the Mitchell Plant beyond 2040, depreciation rates for it, including the mechanical draft cooling tower, will be adjusted at that time. There is no conflict between the request in this proceeding and testimony set forth in Case No. 2025-00257.

b. Confirmed as to the fact that Company Witness Wolfram agreed that the existing Mitchell Plant balances to be included in the initial revenue requirement for the Generation Rider should be treated the same as they were in base rates, which would include the AFUDC offset. As explained in Company Witness Wolfram's Rebuttal Testimony in Case No. 2025-00257, CWIP and the associated AFUDC offset for non-environmental Mitchell Plant project in the Company's test-year in that case was already included in base rates and CWIP and an AFUDC offset was not included in the initial revenue requirement for the Generation Rider. That said, the Company cannot confirm that it knew it would include the cooling tower project in the Generation Rider at the time of this Application because the Generation Rider had not yet received Commission approval. The Company proposed two cost-recovery alternatives in this proceeding because of the uncertainty as to whether the Commission would approve the Generation Rider. Additionally, because the scope of the Project is beyond that of normal capital investments for the Plant, the Company is proposing CWIP recovery for this Project.

Witness: Tanner S. Wolfram

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DATA REQUEST

AG-KIUC Refer to Tariff G.R approved by the Commission in Case 2025-00257.

2_5

a. Provide a copy of Tariff G.R. that complies with the Commission Order to include the AFUDC offset in the revenue requirement formula and to exclude property tax expense. Indicate whether this Tariff G.R. has been filed with the Commission. If so, then provide a date/time stamped version of the filing. If not, explain why it has not been filed.

b. Confirm the Company historically has calculated AFUDC on qualifying construction costs, including major generation construction project.

RESPONSE

a. Please see the Company's response to AG-KIUC 1-1 for a copy of the Generation Rider tariff included in the Company's compliance filing in Case No. 2025-00257. Those tariffs are still awaiting final approval from the Commission. There are no modifications to the tariff necessary as a result of this filing.

b. Confirmed. AFUDC is calculated and included in qualifying construction costs.

Witness: Tanner S. Wolfram

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DATA REQUEST

AG-KIUC Refer to the Company's response to AG-KIUC 1-5(e) describing the
2_6 accounting for the cost of removal estimate to partially demolish the
existing Mitchell 2 cooling tower cost and the related debit to accumulated
depreciation. Indicate whether it is the Company's intent to reflect this
cost and this reduction to accumulated depreciation in the Tariff G.R.
revenue requirement calculation. Explain your response.

RESPONSE

Removal costs incurred will be recorded to accumulated depreciation in accordance with FERC Electric Plant Instruction 10.B.(2) and will be reflected in the accumulated depreciation balance that is used for the Mitchell Plant in the Generation Rider.

Witness: Tanner S. Wolfram

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DATA REQUEST

AG-KIUC Refer to the Company's response to AG-KIUC 1-3(d) describing the
2_7 cessation of depreciation expense on retired plant. Confirm it is the
 Company's intent to reflect the cessation of depreciation on the retired
 cooling tower plant in service as a reduction to the Tariff G.R. revenue
 requirement calculation.

RESPONSE

Reduced depreciation expense resulting from plant retirement will be reflected in the calculation of the revenue requirement for recovery through the Generation Rider.

Witness: Tanner S. Wolfram

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DATA REQUEST

AG-KIUC Confirm that if the Commission allows CWIP in rate base, then Tariff
2_8 G.R. revenues will reflect the weighted debt return on the CWIP. Confirm
that the revenues to reflect the weighted debt return will be offset by the
related interest expense, presumably the same amount, so there will be no
effect on taxable income because the revenues and expense will net to \$0.

RESPONSE

Confirmed.

Witness: Tanner S. Wolfram

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DATA REQUEST

AG-KIUC Confirm that regardless of whether the Commission allows CWIP in rate
2_9 base, the Company is required to capitalize interest for tax basis purposes
 and that this increase to the tax basis without a concomitant increase in the
 book basis is a temporary difference that results in a deferred tax asset
 (DTA), all else equal. Explain your response and provide a copy of all
 authorities relied on for your response.

RESPONSE

The Company confirms that regardless of whether the Commission allows CWIP in rate base, the Company is required to capitalize interest for federal income tax basis purposes under Section 263A(f) of the Internal Revenue Code (“IRC”) so long as the interest costs meet the criteria provided in Section 263A(f)(1) of the Code. Section 263A(f)(1) of the Code provides that the capitalization of interest applies to interest costs which are:

- 1) Paid or incurred during the production period; and
- 2) Allocable to property produced by the taxpayer and has
 - (i) a long useful life,
 - (ii) an estimated production period exceeding 2 years, or
 - (iii) an estimated production period exceeding 1 year and a cost exceeding \$1,000,000.

The mandatory capitalization of interest increases tax basis in the asset, without a corresponding increase in book basis, results in a basis difference in the asset. That basis difference is a temporary timing difference that gives rise to a deferred tax liability under Accounting Standards Codification 740.

Witness: Tanner S. Wolfram

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DATA REQUEST

AG-KIUC Reference the following sources:
2_10

- (i) The Commission's Final Order in Case 2025-00257 at 161, which states in part: "Kentucky Power determined that property taxes of \$195,008 should have been excluded from Tariff G.R.'s annual revenue requirement, and the proposed Tariff G.R. should include only the return on and of Mitchell Plant currently recovered through base rates. Kentucky Power would continue to incur property tax expense and, therefore, must continue collecting an associated level of property tax expense in base rates."; and
- (ii) The Commission's Final Order in Case 2025-00257 at 163, which states in part: "Consequently, Kentucky Power agreed that these property taxes should remain within base rates. In the Settlement Agreement, Kentucky Power agreed with all of the Attorney General/KIUC's recommended adjustments related to Tariff G.R. except the ROE."
 - a. Confirm there is no term in the approved Tariff G.R. revenue requirement formula for property tax expense.
 - b. Indicate where in the approved Tariff G.R. revenue requirement formula the Company proposes to include property tax expense.

RESPONSE

- a. Confirmed. Property tax expense will not be included in the Generation Rider revenue requirement. Company Witness Coon accordingly did not include property tax expense in her calculation of rate impacts from the Mitchell Cooling Tower Project.
- b. N/A. See the Company's response to subpart a.

Witness: Tanner S. Wolffram

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DATA REQUEST

AG-KIUC Reference the Company's proposed Tariff G.R. in Case 2025-00257.
2_11

- a. Confirm the Company's proposed Tariff G.R. revenue requirement formula does not include O&M expense.

- b. Indicate where in the approved Tariff G.R. revenue requirement formula the Company proposes to include O&M expense.

RESPONSE

- a. Confirmed. The Company is not proposing to recover O&M expense through the Generation Rider. As stated in the Application, the Company does not expect to incur incremental O&M expense (i.e. above current levels) if the existing cooling tower is replaced with the Mitchell Cooling Tower Project.

- b. N/A. See the Company's response to subpart a.

Witness: Tanner S. Wolfram

VERIFICATION

The undersigned, Nicole M. Coon, being duly sworn, deposes and says she is a Regulatory Consultant Staff for American Electric Power Service Corporation, that she has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of her information, knowledge, and belief.

Nicole M Coon

Nicole M. Coon

State of Ohio)
County of Franklin)

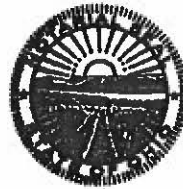
Case No. 2026-00001

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Nicole M. Coon, on April 21, 2026

CAF

Notary Public

My Commission Expires Has no expiration



Christine Alaine Frankart
Attorney At Law
Notary Public, State of Ohio
My commission has no expiration date
Sec. 147.03 R.C.

Notary ID Number 2025-AT-897466

VERIFICATION

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

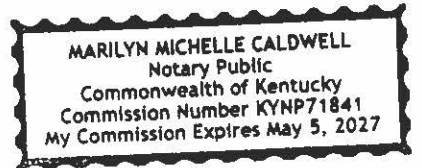
Tanner S. Wolfram
Tanner S. Wolfram

Commonwealth of Kentucky)
County of Boyd)

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Subscribed and sworn to before me, a Notary Public in and before said County and State, by Tanner S. Wolfram, on April 21, 2026.

Marilyn Michelle Caldwell
Notary Public



My Commission Expires May 5, 2027

Notary ID Number KYNP 71841