

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)	CASE NO.
SERVICE; (2) AN ORDER APPROVING ITS 2017)	2017-00179
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)	

COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION
TO KENTUCKY POWER COMPANY

Kentucky Power Company ("Kentucky Power"), pursuant to 807 KAR 5:001, shall file with the Commission the original with six copies in paper medium and an electronic version of the following information. The information requested herein is due no later than December 22, 2017. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Kentucky Power shall make timely amendment to any prior response if it obtains information, which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Kentucky Power fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Kentucky Power shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Provide the following information concerning Kentucky Power and its affiliated service company for the test year:

a. A schedule detailing the costs directly charged to the service company and costs allocated to the service company by Kentucky Power. Indicate the accounts in which these costs were originally recorded by Kentucky Power. For costs that are allocated, include a description of the allocation factors utilized.

b. A schedule detailing the costs directly charged to Kentucky Power and costs allocated by the service company to Kentucky Power. Indicate the Kentucky

Power accounts in which these costs were recorded. For costs that are allocated, include a description of the allocation factors utilized.

2. Provide the following information concerning the allocation of American Electric Power (“AEP”) and AEP Service Company (“AEPSC”) costs to Kentucky Power for the test year:

a. The total dollar amount being allocated to Kentucky Power from all sources.

b. The percentage of AEP’s total costs allocated to all subsidiaries represented by the costs allocated to Kentucky Power.

c. By cost category, the dollar amounts allocated from AEP and AEPSC to Kentucky Power, including the following. Refer to the Appendix to this request for an example of the information requested.

- 1) The total amount to be allocated;
- 2) Allocation methods applied;
- 3) Reference allocation number;
- 4) Weighted factor of each allocation method and how that weighted factor value was determined (formulaically and descriptively);
- 5) The resulting percentage used to allocate Kentucky Power’s share of the total dollars to be allocated; and
- 6) The actual numbers used to develop the percentages and the allocated dollars.

3. Provide the amount of and supporting calculations for costs allocated by AEPSC to Kentucky Power during the test year in Excel spreadsheet format with all formulas intact and unprotected, and all rows and columns fully accessible.

4. Provide a copy of the Rockport Generation Plant Unit Power Agreement.

5. Provide the summer and winter reserve margins and system peak for the previous five years, and the forecasted summer and winter reserve margins and system peak for the next five years for:

- a. Appalachian Power Company ("Appalachian Power");
- b. Indiana Michigan Power Company ("I&M Power"); and
- c. Wheeling Power Company ("Wheeling Power").

6. Refer to Kentucky Power Hearing Exhibit 9, which evaluates whether Kentucky Power, Appalachian Power, I&M Power, and Wheeling Power will participate in PJM Interconnection LLC's ("PJM") Reliability Pricing Model ("RPM") capacity market or whether each will continue to self-supply its PJM capacity requirements under the Fixed Resource Requirement ("FRR") alternative for the PJM Planning Year 2020–2021. Provide the same PJM FRR/RPM capacity election analysis for Kentucky Power only, excluding the other AEP subsidiaries.

7. Provide the cost savings that resulted from the steps taken by Kentucky Power to reduce the growth rate of compensation expense as set forth in the Direct Testimony of Andrew R. Carlin, page 21, lines 10–20. Include the savings that resulted from each step and the total amount of savings.

8. Refer to the Direct Testimony of Brad Hall, page 12, lines 2–10, and to Mr. Hall's testimony at the December 6–8, 2017 hearing in this matter. Provide the rate class

under which each projected new business referenced will take service from Kentucky Power.

9. Provide documentation that demonstrates that the interest rates charged by from the bank consortium used by AEP Credit, Inc. ("AEP Credit") for accounts receivable purchased by AEP Credit from Kentucky Power are the same rates AEP Credit is charging Kentucky Power.

10. Provide a copy of the criteria utilized to determine when AEP personnel may use an AEP corporate jet, including cost justification and need.

11. Provide the number and composition of flight crews who operate AEP corporate jets.

12. Provide the total employments costs associated with flight crews who operate AEP corporate jets.

13. Provide the total aviation expense and the amount allocated to Kentucky Power for two years preceding the test year and the budgeted amounts for two years following the test year.

14. Provide the relocation expenses incurred by Kentucky Power for two years preceding the test year and the budgets amounts for two years following the test year.

15. Provide the revised AEV-3S in Excel spreadsheet format with formulas intact and unprotected, and all rows and columns fully accessible.

16. Refer to Kentucky Power's response to Commission Staff's Fourth Request for Information, Item 6, Attachment KPCO_R_KPSC_4_006_Attachment1.xlsx. Revise the schedule to reflect actual amounts of employer contributions to all types of health insurance in Column E, which is labelled Blended Funding (3). Include any Company

contributions to HSA, HRA, or other employee accounts that serve to reduce employee costs or deductibles.

17. Refer to Kentucky Power Hearing Exhibit 13, Settlement Revenue Allocation, the section at the bottom of the exhibit with lines labelled LGS, PS, and Total. Continue the data contained on the lines labelled LGS, PS, and Total to include columns labeled Current ROR, Proposed ROR, and Proposed Non-Fuel Base Revenue Increase.

18. Refer to Commission Staff Hearing Exhibit 5. Provide the transmission projects included in AEP's expected \$9 billion transmission investment between 2016 and 2019, indicating which transmission projects that are located in the AEP transmission zone in the PJM Interconnection, Inc. footprint and which are located outside the AEP transmission zone. For each project, indicate whether it is a baseline or supplemental project.

19. Provide the amount of Kentucky Power's adjusted test-year revenue requirement for its transmission assets assuming a 9.75 percent return on equity and 9.11 percent weighted average cost of capital.

20. Provide the calculation of the updated monthly environmental base rate amounts in the same format used in Kentucky Power's response to Staff's Third Request for Information, Item 9, and an updated AJE-1S reflecting Tariff ES Base Period Revenue Requirement. Provide the information in Excel spreadsheet format with all cells and formulas unprotected and fully accessible.

21. Refer to the Commission's Order dated August 3, 2017, that denied a request to intervene filed by Progress Metal Reclamation Company d/b/a Mansbach

Metal Company ("Progress"). Explain what steps Kentucky Power has taken to work with Progress to identify economic development options that assist existing businesses.

22. State whether Kentucky Power will place its proposed rate adjustment into effect subject to refund if the Commission has not entered a final Order in this matter by January 18, 2018, which is the suspension date for the proposed rates.



Gwen R. Pinson
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED DEC 13 2017

cc: Parties of Record

Case No. 2017-00179

APPENDIX

APPENDIX TO A REQUEST FOR INFORMATION OF THE KENTUCKY
PUBLIC SERVICE COMMISSION IN CASE NO. 2017-00179

Example of AEP Allocation Calculation

Aviation Costs

A	B	C	D	E	F	G	H	I
	Total Aviation Costs	Exclude Subsidiaries Direct Cost	Total To Be Allocated (B - C)	Allocation: Method / Factor	No.	Factor Weighting ¹	KYP Calc Percent	KYP Allocated Dollars (D x G x H)
	\$ 6,613,934	XXXX	XXXX					
1				Number of Employees	9	xx.x%	(a)	
				AEPSC Past 3 Months				
2				Total Bill	37	xx.x%	(b)	
3				Total Gross Utility Plant	63	xx.x%	(c)	
4		XXXX	XXXX	Direct	39	xx.x%	100%	
				Total		100.0%		\$ 400,750

(a) Number of Full-Time and Part Time Employees Per Company ÷ Total Number of Full-Time and Part-Time Employees =
 KY Power's Full-Time and Part Time Employees ÷ All Allocated Companies / Subsidiaries Full-Time and Part Time Employees² =
 xxxx ÷ xxxx = %

(b) AEPSC Past Three Months Total Bill Dollars Per Company ÷ Total AEPSC Past Three Months Bill Dollars =
 KY Power's Past Three Months Total Bill Dollars from AEPSE ÷ Total AEPSC Past Three Months Bill Dollars =
 \$xxxx ÷ \$xxxx = %

(c) Total Gross Utility Plant Amount per Company (Including CWIP) ÷ Total Gross Utility Plant Amount (Including CWIP) =
 KY Power's Utility Plant Amount including CWIP ÷ All Subsidiaries Total Gross Utility Plant Amount (Including CWIP) =
 \$xxxx ÷ \$xxxx = %

¹ Provide the basis for the weighting of factors whose sum is 100% of the amount to be allocated

² Confirm that the "Total Number of Full-Time and Part-Time Employees" as used in this calculation is the sum of ONLY AEP's Subsidiaries that are also included in allocation of AEP costs and that they exclude AEP service companies that do not receive allocated costs.

Columns:

- A Number of different allocation methods used
- B AEP Total Allocated Aviation Costs
- C Total of Direct Costs Allocated 100% to Subsidiary Companies
- D Net Aviation Costs to be Allocated: Columns B minus C
- E Allocation Method / Factor used to Allocate Costs
- F Allocation Method / Factor Number used to identify Allocation Method / Factor used as shown in Summar Exhibit A of Application - page 264 of 288
- G Weighting Factor used by AEP to assign percentage of each Allocation Method / Factor to equal 1
- H Kentucky Power's calculated percentage used to allocate each Allocation Method's share of costs: See footnotes (a), (b) & (c)
- I Kentucky Power's calculated allocated dollars by each Allocation Method's share of costs: Columns D x G x H

*William H May, III
Hurt, Deckard & May
The Equus Building
127 West Main Street
Lexington, KENTUCKY 40507

*James W Gardner
Sturgill, Turner, Barker & Moloney, PLLC
333 West Vine Street
Suite 1400
Lexington, KENTUCKY 40507

*Kentucky Power Company
Kentucky Power Company
855 Central Avenue, Suite 200
Ashland, KY 41101

*Barry Alan Naum
Spilman Thomas & Battle, PLLC
1100 Brent Creek Blvd., Suite 101
Mechanicsburg, PENNSYLVANIA 17050

*Jody M Kyler Cohn
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Kenneth J Gish, Jr.
Stites & Harbison
250 West Main Street, Suite 2300
Lexington, KENTUCKY 40507

*Carrie M Harris
Spilman Thomas & Battle, PLLC
1100 Brent Creek Blvd., Suite 101
Mechanicsburg, PENNSYLVANIA 17050

*Janice Theriot
Zielke Law Firm PLLC
1250 Meidinger Tower
462 South Fourth Avenue
Louisville, KENTUCKY 40202

*Katie M Glass
Stites & Harbison
421 West Main Street
P. O. Box 634
Frankfort, KENTUCKY 40602-0634

*Don C Parker
Spilman Thomas & Battle, PLLC
300 Kanawha Blvd, East
Charleston, WEST VIRGINIA 25301

*Justin M. McNeil
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Larry Cook
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Elizabeth Sekula
American Electric Power Service Corporation
1 Riverside Plaza, 29th Floor
Post Office Box 16631
Columbus, OHIO 43216

*Honorable Kurt J Boehm
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Laurence J Zielke
Zielke Law Firm PLLC
1250 Meidinger Tower
462 South Fourth Avenue
Louisville, KENTUCKY 40202

*Gregory T Dutton
Goldberg Simpson LLC
9301 Dayflower Street
Louisville, KENTUCKY 40059

*Kent Chandler
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Mark E Heath
Spilman Thomas & Battle, PLLC
300 Kanawha Blvd, East
Charleston, WEST VIRGINIA 25301

*Hector Garcia
American Electric Power Service Corporation
1 Riverside Plaza, 29th Floor
Post Office Box 16631
Columbus, OHIO 43216

*Kentucky Power Company
855 Central Avenue, Suite 200
Ashland, KY 41101

*Honorable Michael L Kurtz
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Honorable Matthew R Malone
Attorney at Law
Hurt, Deckard & May
The Equus Building
127 West Main Street
Lexington, KENTUCKY 40507

*Honorable Mark R Overstreet
Attorney at Law
Stites & Harbison
421 West Main Street
P. O. Box 634
Frankfort, KENTUCKY 40602-0634

*Morgain Sprague
Kentucky League of Cities
101 East Vine Street
Suite 800
Lexington, KENTUCKY 40507

*Rebecca W Goodman
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Ranie Wohnhas
Managing Director
Kentucky Power Company
855 Central Avenue Suite 200
Ashland, KENTUCKY 41101

*M. Todd Osterloh
Sturgill, Turner, Barker & Moloney, PLLC
333 West Vine Street
Suite 1400
Lexington, KENTUCKY 40507