

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF	)	
AMERICAN ELECTRIC POWER COMPANY, INC.,	)	CASE NO.
KENTUCKY POWER COMPANY AND LIBERTY	)	2021-00481
UTILITIES CO. FOR APPROVAL OF THE	)	
TRANSFER OF OWNERSHIP AND CONTROL OF	)	
KENTUCKY POWER COMPANY	)	

NOTICE OF FILING

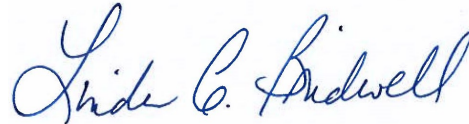
Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on March 29, 2022 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on March 29, 2022 in this proceeding;
- A written log listing, inter alia, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on March 29, 2022.

A copy of this Notice, the certification of the digital video record, and hearing log have been served upon all persons listed at the end of this Notice. Parties desiring to view the digital video recording of the hearing may do so at <https://youtu.be/LrBHiMPL4SA>.

Parties wishing an annotated digital video recording may submit a written request by electronic mail to [pscfilings@ky.gov](mailto:pscfilings@ky.gov). A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 4<sup>th</sup> day of May 2022.



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Linda C. Bridwell  
Executive Director  
Public Service Commission of Kentucky

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF	)	
AMERICAN ELECTRIC POWER	)	
COMPANY, INC., KENTUCKY POWER	)	CASE NO.
COMPANY AND LIBERTY UTILITIES CO.	)	2021-00481
FOR APPROVAL OF THE TRANSFER OF	)	
OWNERSHIP AND CONTROL OF KENTUCKY	)	
POWER COMPANY	)	


CERTIFICATION

I, Candace H. Sacre, hereby certify that:

1. The attached flash drive contains a digital recording of the Formal Hearing conducted in the above-styled proceeding on March 29, 2022. The Formal Hearing Log, Exhibits, and Exhibit List are included with the recording on March 29, 2022;
2. I am responsible for the preparation of the digital recording;
3. The digital recording accurately and correctly depicts the Formal Hearing of March 29, 2022; and
4. The Formal Hearing Log attached to this Certificate accurately and correctly states the events that occurred at the Formal Hearing of March 29, 2022, and the time at which each occurred.

Signed this 29<sup>th</sup> day of April, 2022.

  
\_\_\_\_\_  
Candace H. Sacre  
Administrative Specialist III

  
\_\_\_\_\_  
Stephanie Schweighardt  
Notary Public State at Large ID#: 614400  
Commission Expires: January 14, 2023



# Session Report - Detail

2021-00481 29Mar2022

**American Electric Power Company, Inc. (AEP), Kentucky Power Company (Kentucky Power) and Liberty Utilities Co. (Liberty)**

Date:	Type:	Location:	Department:
3/29/2022	Public Hearing\Public Comments	Hearing Room 1	Hearing Room 1 (HR 1)

Witness: Michael Baird; Dmitry Balashov; Stephen Baron; Amanda Conner; Stephan Haynes; Thomas Hoatson; Lane Kollen; James Llande; Kevin Melnyk; Lisa Perry; Alex Vaughan; Brian West  
 Judge: Kent Chandler; Amy Cubbage  
 Clerk: Candace Sacre

Event Time	Log Event
9:03:52 AM	Session Started
9:04:10 AM	Chairman Chandler Note: Sacre, Candace
9:04:21 AM	Chairman Chandler Note: Sacre, Candace
9:05:07 AM	Chairman Chandler Note: Sacre, Candace
9:05:49 AM	Chairman Chandler Note: Sacre, Candace
9:18:03 AM	Chairman Chandler Note: Sacre, Candace
9:18:10 AM	Chairman Chandler Note: Sacre, Candace
9:18:20 AM	Chairman Chandler Note: Sacre, Candace
9:18:25 AM	Atty Tillotson Liberty Utilities Note: Sacre, Candace
9:18:38 AM	Chairman Chandler Note: Sacre, Candace
9:18:45 AM	Chairman Chandler - witness Melnyk Note: Sacre, Candace
9:18:55 AM	Atty Tillotson Liberty Utilities - witness Melnyk Note: Sacre, Candace
9:19:02 AM	Atty Tillotson Liberty Utilities - witness Melnyk Note: Sacre, Candace
9:19:09 AM	Atty Tillotson Liberty Utilities - witness Melnyk Note: Sacre, Candace
9:19:14 AM	Atty Tillotson Liberty Utilities - witness Melnyk Note: Sacre, Candace
9:19:17 AM	Atty Tillotson Liberty Utilities - witness Melnyk Note: Sacre, Candace
9:19:32 AM	Chairman Chandler Note: Sacre, Candace
9:19:50 AM	Chairman Chandler Note: Sacre, Candace

9:20:16 AM	Chairman Chandler Note: Sacre, Candace	Next witness?
9:20:18 AM	Atty Osterloh Liberty Utilities Note: Sacre, Candace	Dimitry Balashov.
9:20:32 AM	Chairman Chandler Note: Sacre, Candace	Witness is sworn.
9:20:39 AM	Chairman Chandler - witness Balashov Note: Sacre, Candace	Examination. Name and address?
9:20:49 AM	Atty Osterloh Liberty Utilities - witness Balashov Note: Sacre, Candace	Direct Examination. By whom employed?
9:20:56 AM	Atty Osterloh Liberty Utilities - witness Balashov Note: Sacre, Candace	What is position?
9:21:01 AM	Atty Osterloh Liberty Utilities - witness Balashov Note: Sacre, Candace	Prepare and cause be filed rebuttal?
9:21:04 AM	Atty Osterloh Liberty Utilities - witness Balashov Note: Sacre, Candace	Also sponsor responses to data requests?
9:21:08 AM	Atty Osterloh Liberty Utilities - witness Balashov Note: Sacre, Candace	Adopt testimony and responses as testimony today?
9:21:16 AM	Chairman Chandler Note: Sacre, Candace	Mr. Cook?
9:21:19 AM	Asst Atty General Cook - witness Balashov Note: Sacre, Candace	Cross Examination. Does AEP have more operating companies in US than Liberty?
9:21:47 AM	Asst Atty General Cook - witness Balashov Note: Sacre, Candace	How many affiliated entities provide service to Liberty operating companies in US?
9:22:06 AM	Asst Atty General Cook - witness Balashov Note: Sacre, Candace	Liberty affiliates in US not have transmission operating agreement between them?
9:22:29 AM	Asst Atty General Cook - witness Balashov Note: Sacre, Candace	Know name of affiliate?
9:22:39 AM	Asst Atty General Cook - witness Balashov Note: Sacre, Candace	True Liberty electric affiliates in US do not have generating/operating agreement between them?
9:23:18 AM	Asst Atty General Cook - witness Balashov Note: Sacre, Candace	True Kentucky Power utilizes services from AEP Servco and other affiliates, under agreements Kentucky Power not pay for entire salary and benefit package of those employees?
9:23:50 AM	Asst Atty General Cook - witness Balashov Note: Sacre, Candace	Make sense Kentucky Power pays prorated share of costs?
9:24:08 AM	Asst Atty General Cook - witness Balashov Note: Sacre, Candace	Surprise you to know Kentucky Power pays only five percent of AEP Servco costs?
9:24:37 AM	Asst Atty General Cook - witness Balashov Note: Sacre, Candace	Liberty plan hire over 100 full-time employees to take place of services affiliates provide today?
9:25:13 AM	Chairman Chandler Note: Sacre, Candace	Questions?
9:25:25 AM	Gen Counsel Vinsel PSC - witness Balashov Note: Sacre, Candace	Cross Examination. Under-investment by Kentucky Power, setting all aside, been any change in Liberty understanding of capital investment of distribution system Kentucky Power?
9:29:14 AM	Gen Counsel Vinsel PSC - witness Balashov Note: Sacre, Candace	Change in billing determinants, speaking generally customer count load sale?

9:29:28 AM	Gen Counsel Vinsel PSC - witness Balashov Note: Sacre, Candace	Given the change, if do due diligence today, what position be of Liberty?
9:30:31 AM	Gen Counsel Vinsel PSC - witness Balashov Note: Sacre, Candace	Acknowledging plans not be in depth now, in record, discussion distribution system and changes as said about voltages, creating uniform voltages, estimated price tag considered part this, speak to that?
9:31:03 AM	Gen Counsel Vinsel PSC - witness Balashov Note: Sacre, Candace	How much of system would you change?
9:33:16 AM	Gen Counsel Vinsel PSC - witness Balashov Note: Sacre, Candace	Testimony addressing upgrading system, speak to that, what is the scope of project?
9:34:24 AM	Chairman Chandler Note: Sacre, Candace	Vice Chair?
9:34:26 AM	Vice Chairman Cabbage - witness Balashov Note: Sacre, Candace	Examination. Go back to response to Staff questioning, far more complex, no question not been under-investment?
9:35:45 AM	Vice Chairman Cabbage - witness Balashov Note: Sacre, Candace	Yesterday discussing CalPeco, explaining what happened there, due diligence on Kentucky Power?
9:38:00 AM	Vice Chairman Cabbage - witness Balashov Note: Sacre, Candace	Understanding of CalPeco rather unique utility, fair?
9:39:57 AM	Vice Chairman Cabbage - witness Balashov Note: Sacre, Candace	Discussed already, in general, what changes make to Kentucky Power distribution system to make more reliable?
9:40:19 AM	Vice Chairman Cabbage - witness Balashov Note: Sacre, Candace	High level?
9:41:58 AM	Vice Chairman Cabbage - witness Balashov Note: Sacre, Candace	Take it in role in process, so much you can do, analyzed transmission side as well?
9:42:43 AM	Vice Chairman Cabbage - witness Balashov Note: Sacre, Candace	Not able describe whether Kentucky Transco cross-subsidizing AEP zone?
9:43:07 AM	Vice Chairman Cabbage - witness Balashov Note: Sacre, Candace	Whether cross-subsidizing other AEP entities in transmission zone?
9:43:32 AM	Chairman Chandler - witness Balashov Note: Sacre, Candace	Examination. Your testimony that Kentucky Power not under invested in system or Kollen testimony not prove under invested?
9:44:16 AM	Chairman Chandler - witness Balashov Note: Sacre, Candace	Splitting hairs, isn't it, somebody sending five dollars, saying paid utility bill, what could paid but if not sufficient meet it, not sufficient?
9:44:39 AM	Chairman Chandler - witness Balashov Note: Sacre, Candace	Part of business plan here, Liberty/Algonquin has capital to invest, Kentucky Power great place to invest capital, right?
9:45:12 AM	Chairman Chandler - witness Balashov Note: Sacre, Candace	Shows up in KIUC Cross Exhibit 4, provide to witness, may be part of Supplemental-161 Attachment 3, Kentucky Power budgeted distribution plant capital additions, see that?
9:47:26 AM	Chairman Chandler - witness Balashov Note: Sacre, Candace	Swain testimony Liberty proposed adopt Kentucky Power plan?
9:47:47 AM	Chairman Chandler - witness Balashov Note: Sacre, Candace	Eight-year plan unmodified by Liberty?

9:47:54 AM	Chairman Chandler - witness Balashov Note: Sacre, Candace	Seems to be opportunity to spend triple what distribution plant capital additions are?
9:48:33 AM	Chairman Chandler - witness Balashov Note: Sacre, Candace	Was that the case?
9:48:42 AM	Chairman Chandler - witness Balashov Note: Sacre, Candace	Your testimony these things could have happened, what asking have found evidence actually happened, (click on link for further comments), want to know what looked at, not what utilities can/might do?
9:49:30 AM	Chairman Chandler - witness Balashov Note: Sacre, Candace	Answer relative investment, have evidence actually case and investment been consistent or growing in Kentucky Power territory over 2011 to today?
9:50:42 AM	Chairman Chandler - witness Balashov Note: Sacre, Candace	Had position in due diligence, learned more, those existed while doing due diligence, have evidence none is true or changed based off of litigation tactics used in case?
9:52:09 AM	Chairman Chandler - witness Balashov Note: Sacre, Candace	What we know, know KIUC 4 historical distribution capital additions been?
9:52:34 AM	Chairman Chandler - witness Balashov Note: Sacre, Candace	Heard testimony yet see rebutted, relative to investment in Kentucky Power and Kentucky Transco, AEP allocating greater capital, creating cost shift?
9:53:02 AM	Chairman Chandler - witness Balashov Note: Sacre, Candace	Allocated less capital for transmission, proposing triple historic distribution investment, leaves generation only third place could be put, capital?
9:53:46 AM	Chairman Chandler - witness Balashov Note: Sacre, Candace	Not asking about needs other states, specifically talking capital allocations?
9:54:12 AM	Chairman Chandler - witness Balashov Note: Sacre, Candace	Asking Kentucky Power got capital it needed, any evidence that the case, evidence given enough?
9:54:52 AM	Vice Chairman Cabbage - witness Balashov Note: Sacre, Candace	Examination. When say applied for more and denied, mean by Commission or internally?
9:55:13 AM	Chairman Chandler - witness Balashov Note: Sacre, Candace	Examination (cont'd). Commission not allocate capital to Kentucky Power?
9:55:21 AM	Chairman Chandler - witness Balashov Note: Sacre, Candace	Changes answer, asking about allocation of capital, response not make sense in context.
9:55:47 AM	Vice Chairman Cabbage - witness Balashov Note: Sacre, Candace	Examination. Like a CPCN proceeding or as far as rate base>
9:56:05 AM	Chairman Chandler - witness Balashov Note: Sacre, Candace	Examination (cont'd). What asking, capital allocation, Commission not allocate capital to Kentucky Power?
9:56:14 AM	Chairman Chandler - witness Balashov Note: Sacre, Candace	AEP does?
9:56:15 AM	Chairman Chandler - witness Balashov Note: Sacre, Candace	What saying AEP not allocate capital to Kentucky Power because Commission not approve rate mechanisms like grid modernization rider in 2020 rate case?

9:56:47 AM	Chairman Chandler Note: Sacre, Candace	Redirect?
9:57:10 AM	Chairman Chandler Note: Sacre, Candace	Keep Balashov.
9:58:49 AM	Chairman Chandler Note: Sacre, Candace	Next witness?
9:58:51 AM	Atty Crespo AEP/Kentucky Power Note: Sacre, Candace	Steve Haynes.
9:59:01 AM	Chairman Chandler Note: Sacre, Candace	Witness is sworn.
9:59:08 AM	Chairman Chandler - witness Haynes Note: Sacre, Candace	Examination. Name and address?
9:59:22 AM	Atty Crespo AEP/Kentucky Power - witness Haynes Note: Sacre, Candace	Direct Examination. By whom employed?
9:59:27 AM	Atty Crespo AEP/Kentucky Power - witness Haynes Note: Sacre, Candace	Position?
9:59:32 AM	Atty Crespo AEP/Kentucky Power - witness Haynes Note: Sacre, Candace	Cause direct and rebuttal testimony submitted in case?
9:59:38 AM	Atty Crespo AEP/Kentucky Power - witness Haynes Note: Sacre, Candace	Sponsor answers to data requests?
9:59:44 AM	Atty Crespo AEP/Kentucky Power - witness Haynes Note: Sacre, Candace	Same questions, same answers?
9:59:49 AM	Atty Crespo AEP/Kentucky Power - witness Haynes Note: Sacre, Candace	No corrections?
9:59:56 AM	Chairman Chandler Note: Sacre, Candace	Questions?
10:00:02 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	Cross Examination. Explain why AEP wants to sell Kentucky Power and Kentucky Transco?
10:01:06 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	AEP press release, Oct 26 last year, AEP expects net \$1.45 billion dollars in cash after taxes and transaction fees, correct?
10:01:28 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	Statement not company gross that amount, correct?
10:01:36 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	In rebuttal, claim AEP only earning \$40 million, correct?
10:02:02 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	Agree what AEP talking about to Wall Street not same thing talking about to Main Street?
10:02:58 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	Agree Kentucky Power ratepayers not responsible for AEP taxes?
10:03:09 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	Only responsible for Kentucky Power taxes?
10:03:23 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	If only \$40 million of \$585 million going to AEP, why not let money go to benefit customers?
10:03:41 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	\$585 million identified in Kollen testimony?
10:04:06 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	If only \$40 million to company, how explain to Kentucky Power ratepayer ask "but press release says expect to net approximately \$1.45 billion in cash after taxes and transaction fees?"
10:04:36 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	Turn to rebuttal testimony, page 5, line 17, read into record?



10:05:42 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	Record high utility bills artificially low?
10:06:33 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	Agree investor-owned model not work in Kentucky Power service area?
10:07:05 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	Would co-op model not work better?
10:07:17 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	Electric bills co-op ratepayers cheaper than Kentucky Power ratepayers pay?
10:07:31 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	True surrounding co-ops deal with same terrain and weather and low-income issues that Kentucky Power faces?
10:07:56 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	In rebuttal, mentioned transaction significant interest to investors, recall?
10:08:08 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	Explain why so?
10:09:30 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	Another reason appears attracting significant interest investors because AEP wants get out of Kentucky and take cash receives and deploy at higher return transmission and renewables?
10:10:45 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	Could another reason also be because Liberty intends transition Kentucky Power generation to all renewables?
10:11:36 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	Investors reference here, same investors refused to enter into loan transactions for fossil fuel projects?
10:12:35 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	Joint applicants not provided drafts bridge power coordination agreement to Commission?
10:12:47 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	Do joint applicants intend on submitting bridge PCA and other agreements to Commission, if so when?
10:13:06 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	How long period of time bridge PCA be in effect?
10:13:26 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	True AEP operating companies agreements among them?
10:13:39 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	Agreements relevant to ratemaking for Kentucky Power?
10:14:01 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	In discovery response, provided five-page list affiliate agreements tween Kentucky Power and AEP affiliates?
10:14:15 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	List identified 33 such affiliate agreements?
10:14:24 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	Almost none of proposed affiliate agreements between Liberty and affiliates been submitted in this case?
10:14:54 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	AEP and Kentucky Power have objected to AG/KIUC recommendation AEP compensate Kentucky Power customers \$578 million for harm imposed if transaction approved?

10:15:27 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace True over 15 years AEP forced Kentucky Power ratepayers into FERC-approved Rockport rate set rates far above cost to tune of \$186 million on net present value basis 2022 dollars together with premium return compared to net book values?

10:16:08 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace Familiar ROE AEP earned on Rockport UPA?

10:16:16 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace If 12.16 percent all those years, ring a bell?

10:16:24 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace AEP never made filings at FERC change that ROE or underlying above-cost rate for Rockport UPA?

10:16:39 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace True every Kentucky Power rate case since Rockport UPA renewed 2004, AEP witnesses in hearing room state Kentucky Power not earn enough profit in service territory?

10:17:04 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace True by bypassing this Commission -

10:17:07 AM Chairman Chandler  
Note: Sacre, Candace Don't understand answer.

10:17:15 AM Chairman Chandler - witness Haynes  
Note: Sacre, Candace Examination. Just asked not true last 15 years come in for rate case claim not meet ROE, your testimony is that, right?

10:17:37 AM Chairman Chandler - witness Haynes  
Note: Sacre, Candace Ever heard of rate case in which utility seeks increase rates and argument is are earning our return on equity?

10:18:16 AM Chairman Chandler - witness Haynes  
Note: Sacre, Candace Just seemed to answer no in contradiction to rebuttal testimony?

10:18:43 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace Cross Examination (cont'd). Not true by bypassing Commission and securing FERC rate on Rockport UPA, AEP found way to extract more profit out of Kentucky Power service territory in series of base rate cases filed before Commission 2005 to 2020?

10:19:28 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace True that 2000 to 2020, Kentucky Power reliability metrics decreased?

10:19:48 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace Explain why after major storm Kentucky Power file request defer recovery of storm damage sums and regulatory asset though neighboring utilities similar terrain not suffer as much damage?

10:20:24 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace Even though no growth forecasted, CapEx forecast shows significant increases in capital expenditures?

10:21:06 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace True major CapEx growth shows need to upgrade and harden distribution system?

10:21:29 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace AEP allocate capital, invest money where gets higher return, generally correct?

10:22:11 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace Among all AEP operating companies, where Kentucky Power historically ranked earned ROE, top performing or lowest performing?

10:22:58 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace Not also true ROEs for FERC-approved rates almost always higher than rates approved by state public utility commissions?

10:23:20 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace Given that AEP incentivize in transcos which have FERC rates?

10:24:00 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace FERC rates formula based?

10:24:14 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace If Commission approve transaction, Kentucky Power remain in AEP transmission zone?

10:24:33 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace Assuming approval of transaction, Kentucky Power will exit AEP transmission agreement?

10:24:50 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace Based on current PJM tariffs, Kentucky Power not form own transmission zone?

10:25:11 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace AEP willing to commit seek change in PJM tariff so Kentucky Power can form separate transmission zone?

10:25:33 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace Explain what title is again?

10:25:44 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace Highest ranking person in Frankfort today?

10:25:53 AM Chairman Chandler - witness Haynes  
Note: Sacre, Candace Examination. Do you work for Satterwhite or Satterwhite work for you?

10:26:42 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace Cross Examination (cont'd). If Commission impose condition such as AEP must agree to form committee or engage in process to make determination what take to make change to enable Kentucky Power form transmission zone, company willing initiate formal investigation and issue report, whatever Commission desires?

10:28:03 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace PJM NITS charges Kentucky Power pays based on revenue requirements of six transmission-owning AEP operating companies plus four AEP East transcos?

10:28:36 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace Would Vaughan know answer?

10:28:47 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace Other witness believe know answer?

10:29:04 AM Atty Crespo Kentucky Power  
Note: Sacre, Candace Amanda Conner here today.

10:29:27 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace Fact Kentucky Power remain in AEP transmission zone, not true although be change Kentucky Power allocation, underlying cost basis continue be total AEP zone transmission revenue requirements and not just Kentucky Power and Transco stand-alone transmission revenue requirement?

10:30:10 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace If know, not true once closing occurs, Kentucky Power be treated same other non-AEP affiliated load-serving entity?

10:30:32 AM Asst Atty General Cook - witness Haynes  
Note: Sacre, Candace If questions about whether Kentucky Power be charged on 1 CP rather than 12 CP, witness Conner, too?

10:31:23 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	If transaction approved, receive any sort of bonus?
10:31:53 AM	Asst Atty General Cook - witness Haynes Note: Sacre, Candace	Know about Liberty employees and consultants, anything lined up?
10:32:35 AM	Chairman Chandler Note: Sacre, Candace	Recess until 10:45.
10:32:47 AM	Session Paused	
10:51:06 AM	Session Resumed	
10:51:11 AM	Chairman Chandler Note: Sacre, Candace	Back on the record in Case No. 2021-00481.
10:51:21 AM	Chairman Chandler Note: Sacre, Candace	Scheduling discussion. (Click on link for further comments.)
10:52:23 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Cross Examination. Turn to page 8 of rebuttal, line 3, reading (click on link for further comments), Liberty and AEP offering part of fuel fund 50/50 \$20 million each?
10:53:31 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	\$20 million each?
10:53:41 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	To be clear, on fuel savings, one year?
10:54:03 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Modeled on Eichler's exhibits page 15 over 12-month period, aware?
10:54:19 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Page 15, agree 70 percent of 16 percent rate decrease residential heat customers comprised of fuel benefit, after one-year period rate reduction from Big Sandy holiday only be 4.6 percent?
10:54:59 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Residential heat at bottom, 16 percent savings?
10:55:09 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Rider holiday of \$9 plus fuel relief of \$21 (click on link for further comments), equals 16 percent?
10:55:20 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Just look at fuel, 70 percent of 16 percent?
10:55:36 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	After one-year fuel refund, 16 percent reduction goes to 4.6 percent?
10:56:10 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Think misunderstanding this, actual fuel cost rolled into base rates, customers not get any of \$40 million, only offset FAC when positive, assume fuel adjustment never positive, just 4.6 percent?
10:56:46 AM	Atty Crespo Kentucky Power Note: Sacre, Candace	Object to line of questioning. (Click on link for further comments.)
10:57:31 AM	Chairman Chandler Note: Sacre, Candace	Overrule objection, math is math, specific line of questioning.
10:57:39 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	14 percent residential nonheat follow same pattern?
10:57:49 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Pattern after year when fuel refund goes away, rate decrease not 14 percent, is 4.7 percent?
10:58:05 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Do understand Big Sandy rate holiday three years only deferral, unless securitization legislation, interest on interest, pay me now pay me later no real net present value benefit?

10:58:38 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Page 5 of testimony, line 17, reading (click on link for further comments), Cook asked questions about this?
10:59:17 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	One reason Kentucky Power unable earn authorized return because transmission costs allocated are escalating rapidly, without tracker depress earnings of Kentucky Power?
10:59:53 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Review Commission Friday filing at FERC about transmission footnote 4?
11:00:03 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Not know level of transmission expense increased?
11:00:17 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Agree \$6.2 million Rockport equity kicker agree taken below line, not factored into ratemaking?
11:00:57 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Page 3 of rebuttal, line 2, refer to Kollen, reading (click on link for further comments), correct measure of value for AEP in proceeding?
11:01:51 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Page 5, line, Kollen, reading (click on link for further comments), believe correct metric for valuing benefit to AEP from transaction?
11:03:02 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Mentioned cash, is one valid metric?
11:03:29 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Refer to investor calls on page 6, monitor calls?
11:03:55 AM	Atty Kurtz KIUC Note: Sacre, Candace	Package 2, marked as KIUC Cross Exhibit 10, compilation of AEP public documents,
11:04:54 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Cross Examination (cont'd). Recognize first one is October 26 2021 investor announcement about transaction?
11:05:11 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Three-page document, turn to page 3 -
11:05:18 AM	Atty Crespo Kentucky Power Note: Sacre, Candace	Like to review document handed out, fragments of many agreements. (Click on link for further comments.)
11:06:19 AM	Chairman Chandler Note: Sacre, Candace	Making objection?
11:06:20 AM	Atty Crespo Kentucky Power Note: Sacre, Candace	Withdraw objection.
11:06:24 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Turn to page 3 of 3, October 26 announcement, four blocks (click on link for further comments), when AEP told investor community \$2.846 billion enterprise value, what Liberty paying AEP?
11:07:06 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Also assuming \$1.3 billion in debt?
11:07:21 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	October '21 assume pay cash \$1.5 billion and assume \$1.3 billion debt, enterprise value of \$2.8 billion?
11:07:38 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Next bullet point immaterial one-time after-tax book earnings, read right?
11:07:56 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	AEP telling investment community \$40 million immaterial, you telling Commission correct metric for viewing benefit of transaction to AEP?

11:08:31 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Fourth bullet point, \$1.45 billion approximate cash proceeds after tax and transaction costs utilized to eliminate 2020 forecasted equity needs of \$1.4 billion, read correctly?
11:08:51 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	This cash proceeds after tax is metric important to investors because highlighted and testified one metric of benefit or value?
11:09:11 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Turn to next page of package, front page, next page, yellow highlight at bottom?
11:09:28 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Read, please?
11:10:06 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Reference to portfolio management strategic review of better implementation of capital by AEP?
11:10:26 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Next document, October 28 earnings call, highlight at bottom, AEP take \$1.4 billion after transaction costs and use to avoid need equity issuance \$1.4 billion in 2022?
11:11:20 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	S&P Global transcript of earnings, reputable and reliable source?
11:11:52 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	No dispute net out after taxes and transaction costs \$1.4 billion, AEP plan use cash to eliminate need for \$1.4 billion new equity issues in 2022?
11:12:16 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Renewables and transmission and so forth?
11:12:23 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	September 30 2021 AEP presentation to Wolfe Utilities, Midstream & Clean Energy Conference?
11:12:38 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Right before transaction announced?
11:12:44 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Next page, 2022 estimated equity issuance of \$1.4 billion?
11:12:57 AM	Chairman Chandler Note: Sacre, Candace	Ask clarifying question?
11:12:59 AM	Chairman Chandler - witness Hayes Note: Sacre, Candace	Examination. When says includes DRP, is that dividend reinvestment?
11:13:14 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Cross Examination (cont'd). Next, Feb-Mar most recent earnings presentation, look at 2022 estimated, see at top net cash proceeds from sale of Kentucky Power \$1.4 billion, equity issuance been eliminated because of expected cash?
11:13:50 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Again, from Feb-Mar investor meeting, page 23, chart, AEP presents at all earnings presentations?
11:14:10 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	2021, Kentucky Power had 6.2 percent return?
11:14:23 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Far right, AEP Transco 11.4 percent?
11:14:31 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	This explain why makes good business sense redeploy capital out of Kentucky Power and into Transco, for example?

11:14:54 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Page 45 of same announcement, AEP has transmission investment CapEx forecasted \$14.4 billion?
11:15:13 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Include more than PJM?
11:15:17 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Not all going into PJM?
11:15:26 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Used to break this out by RTO, to extent this \$14.4 billion goes into PJM, would flow through to Kentucky Power under transmission agreement?
11:15:53 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Page 47, three transmission zones, ROE for PJM 9.85 percent base plus 50 basis point adder for 10.35 percent?
11:16:13 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	And equity structure capped at 55 percent, transcos all carry 55 equity thickness?
11:16:27 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	SPP is 10.5 percent ROE and ERCOT 9.4 percent?
11:16:38 AM	Chairman Chandler Note: Sacre, Candace	Can I just ask?
11:16:40 AM	Chairman Chandler- witness Haynes Note: Sacre, Candace	Examination. Go back two pages, AEP Transmission, equity ratio, AEP transmission at bottom, see equity ratio been improved?
11:17:15 AM	Chairman Chandler - witness Haynes Note: Sacre, Candace	To what amount?
11:17:29 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Cross Examination (cont'd). These are formula rates at FERC, where forecasted test year with true-up so no regulatory lag?
11:17:38 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	At retail level, important to AEP and investors get tracker recovery where possible again not have regulatory lag?
11:17:50 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Indicated 88 percent of transmission full tracker recovery including Kentucky?
11:18:00 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	By contrast, when AEP invests in Kentucky distribution system, equity ratio of Kentucky Power 43 percent, return most recently authorized 9.3 percent, requirement file base rate cases get investment recoup?
11:18:50 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Next page 2021 annual report, include this for shareholder equity end of year \$874 million, see that?
11:19:06 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Most recent information for Kentucky Transco 2020, this is date, but equity had is \$62 million, see that on last page?
11:19:49 AM	Atty Kurtz KIUC - witness Haynes Note: Sacre, Candace	Little dated, but approximately \$950 million maybe, using in this record a billion, of equity for the Transco and Kentucky Power current or expected mid-year 2022 when deal closes?
11:20:10 AM	Atty Kurtz KIUC Note: Sacre, Candace	Next exhibit confidential. (Click on link for further comments.)
11:21:47 AM	Chairman Chandler Note: Sacre, Candace	Recess, off the record.
11:21:52 AM	Session Paused	

11:34:34 AM	Session Resumed	
11:35:03 AM	Chairman Chandler	
	Note: Sacre, Candace	Request to introduce Confidential Exhibit, confidential to LS Power and Liberty. (Click on link for further comments.)
11:37:10 AM	Chairman Chandler	
	Note: Sacre, Candace	Anything said confusing? (Click on link for further comments.)
11:38:23 AM	Private Mode Activated	
11:38:23 AM	Private Recording Activated	
12:03:10 PM	Chairman Chandler - witness Haynes	
	Note: Sacre, Candace	Sale allows opportunity pull those forward?
12:14:26 PM	Chairman Chandler	
	Note: Sacre, Candace	Back on public session.
12:14:41 PM	Normal Mode Activated	
12:14:41 PM	Public Recording Activated	
12:14:44 PM	Chairman Chandler	
	Note: Sacre, Candace	Back on public session. (Click on link for further comments.)
12:16:18 PM	Chairman Chandler	
	Note: Sacre, Candace	On the record in Case No. 2021-00481, one-hour recess for lunch until 1:15.
12:16:45 PM	Session Paused	
1:19:53 PM	Session Resumed	
1:20:12 PM	Chairman Chandler	
	Note: Sacre, Candace	Back on the record in 2021-00481.
1:20:15 PM	Chairman Chandler	
	Note: Sacre, Candace	Additional cross?
1:20:20 PM	Atty Kurtz KIUC - witness Haynes	
	Note: Sacre, Candace	Cross Examination. Document, redeployment of capital, based upon evidence in record, first line, AEP cash proceeds upon sale \$1.4 billion, starting point for this?
1:22:09 PM	Atty Kurtz KIUC - witness Haynes	
	Note: Sacre, Candace	Book record for Kentucky Power, next line transco book equity, remaining cash proceeds, follow so far?
1:22:40 PM	Atty Kurtz KIUC - witness Haynes	
	Note: Sacre, Candace	Back up to Kentucky Power, earned return in 2021 6.2 percent, \$54.210 million, Kentucky Transco equity \$6.495 million, new cash from transaction zero, not have prior earnings?
1:23:23 PM	Atty Kurtz KIUC - witness Haynes	
	Note: Sacre, Candace	Next line, full \$1.4 billion deployed, simplified assumption, would be multiplying new ROE times equity balances yields earned return of \$144 million, see that math?
1:24:11 PM	Atty Kurtz KIUC - witness Haynes	
	Note: Sacre, Candace	What AEP is after, redeploy cash in more stable manner, under assumptions, AEP make \$84.195 million more by redeploying \$1.4 billion out of Kentucky, follow that?
1:25:23 PM	Atty Kurtz KIUC - witness Haynes	
	Note: Sacre, Candace	Understand qualifier, with those assumptions, be goal AEP is reaching by redeploying capital and cash?
1:25:55 PM	Chairman Chandler	
	Note: Sacre, Candace	Like to move to introduce KIUC Cross 10 and 11 and Confidential 1?
1:26:15 PM	Atty Kurtz KIUC	
	Note: Sacre, Candace	Yes.
1:26:16 PM	Chairman Chandler	
	Note: Sacre, Candace	Objection? (Click on link for further comments.)
1:26:24 PM	Atty Crespo AEP/Kentucky Power	
	Note: Sacre, Candace	Yes. (Click on link for further comments.)



1:27:51 PM	Chairman Chandler Note: Sacre, Candace	Overrule the objection. (Click on link for further comments.)
1:27:52 PM	KIUC CROSS EXHIBIT 10 Note: Sacre, Candace Note: Sacre, Candace	ATTY KURTZ KIUC - WITNESS HAYNES AEP REACHES AGREEMENT TO SELL KENTUCKY OPERATIONS OCT 26 2021
1:27:53 PM	KIUC CROSS EXHIBIT 11 Note: Sacre, Candace Note: Sacre, Candace	ATTY KURTZ KIUC - WITNESS HAYNES AEP'S USE OF \$1.4 BILLION OF CASH PROCEEDS FROM KENTUCKY SALE
1:27:54 PM	KIUC CONFIDENTIAL EXHIBIT 1 Note: Sacre, Candace Note: Sacre, Candace	ATTY KURTZ KIUC - WITNESS HAYNES PROJECT NICKEL AEP BOARD PRESENTATION OCT 19 2021
1:28:40 PM	Chairman Chandler Note: Sacre, Candace	Objection to other cross documents? (Click on link for further comments.)
1:30:07 PM	Chairman Chandler Note: Sacre, Candace	Overrule objection. (Click on link for further comments.)
1:31:11 PM	Chairman Chandler Note: Sacre, Candace	Questions?
1:31:37 PM	Gen Counsel Vinsel PSC - witness Haynes Note: Sacre, Candace	Cross Examination. AEP term loan matured March 6 2022, reissuance or refinancing, status?
1:32:23 PM	Gen Counsel Vinsel PSC - witness Haynes Note: Sacre, Candace	Anyone in room speak to this?
1:32:37 PM	Gen Counsel Vinsel PSC - witness Haynes Note: Sacre, Candace	While doing that, Mitchell agreements, West Virginia case and before Kentucky approve ownership agreements and O&M agreements, West Virginia hearing April 7 2022, aware amended agreement filed?
1:33:28 PM	Gen Counsel Vinsel PSC - witness Haynes Note: Sacre, Candace	Will West Virginia move forward with April 7 hearing or rescheduled?
1:33:45 PM	Gen Counsel Vinsel PSC - witness Haynes Note: Sacre, Candace	Consent decree Southern District of Ohio, delay have to sign, status of that approval?
1:34:37 PM	Gen Counsel Vinsel PSC - witness Haynes Note: Sacre, Candace	Refer Staff Exhibit 4, Jan 13 Order, 2020-00174, summary, page 63, addressing transmission costs, last Kentucky Power rate case, Baron testimony, reading (click on link for further comments), issued in Jan of 2021, tell me steps Kentucky Power taken to mitigate transmission cost shift?
1:38:30 PM	Gen Counsel Vinsel PSC - witness Haynes Note: Sacre, Candace	Introduce 2021-00421 Mitchell agreement, prepared by KIUC, based upon annual filings in 2012-00578 in which Commission approved purchase of Mitchell, filing requirement annual report performance data, at March 1 hearing?
1:39:42 PM	Gen Counsel Vinsel PSC - witness Haynes Note: Sacre, Candace	Kerns witness discussed this, recall?
1:39:51 PM	Gen Counsel Vinsel PSC - witness Haynes Note: Sacre, Candace	Walk through this, filings for performance in 2021, 2020, 2019, 2018, and 2017, last three columns, understanding equivalent availability factor reflects percentage of hours unit available to produce electricity?
1:41:11 PM	Gen Counsel Vinsel PSC - witness Haynes Note: Sacre, Candace	Net capacity factor percent of rated output unit generated?

1:41:25 PM	Gen Counsel Vinsel PSC - witness Haynes Note: Sacre, Candace	Recall Kerns said net heat rate, lower the better?
1:41:35 PM	Gen Counsel Vinsel PSC - witness Haynes Note: Sacre, Candace	Looking at 2021 and last row Mitchell 1 and 2 tables, Mitchell 1 lower availability and capacity than Unit 2?
1:42:07 PM	Gen Counsel Vinsel PSC - witness Haynes Note: Sacre, Candace	Parsing it out, looking at year end, average?
1:42:20 PM	Gen Counsel Vinsel PSC - witness Haynes Note: Sacre, Candace	Second page 2020, last row each table average for year, in 2020 Unit 1 had lower availability and capacity than Unit 2?
1:42:52 PM	Gen Counsel Vinsel PSC - witness Haynes Note: Sacre, Candace	In 2019 and 2018, not much difference availability and capacity, agree?
1:43:10 PM	Gen Counsel Vinsel PSC - witness Haynes Note: Sacre, Candace	In 2017, Unit 1 lower availability and capacity?
1:44:04 PM	Gen Counsel Vinsel PSC Note: Sacre, Candace	Introduce Mitchell performance data Staff Exhibit 5, Staff Report Mitchell CCR ELG case subset of Final Order Staff Exhibit 6, Staff Exhibit 7 Kentucky Power Response to Fourth Request Item 1 total of all projects completed at Mitchell for environmental compliance.
1:47:58 PM	Gen Counsel Vinsel PSC - witness Haynes Note: Sacre, Candace	Staff Exhibit 6, turn to pages 22 and 23, reading (click on link for further comments), purpose confirm \$700 million spent 15-year period environmental compliance, agree?
1:50:32 PM	Gen Counsel Vinsel PSC - witness Haynes Note: Sacre, Candace	Asking you, would say Kentucky Power spent \$708 million on environmental compliance?
1:50:52 PM	Gen Counsel Vinsel PSC - witness Haynes Note: Sacre, Candace	Subject to check?
1:51:13 PM	Gen Counsel Vinsel PSC Note: Sacre, Candace	Staff move Exhibits 5, 6, and 7 into record.
1:51:18 PM	Chairman Chandler Note: Sacre, Candace	Any objection?
1:51:27 PM	Chairman Chandler Note: Sacre, Candace	Enter Exhibits 5, 6, and 7.
1:51:28 PM	PSC STAFF EXHIBIT 5 Note: Sacre, Candace Note: Sacre, Candace	GEN COUNSEL VINSEL PSC - WITNESS HAYNES MITCHELL GENERATING PLANT PERFORMANCE DATA 2017-2021
1:51:29 PM	PSC STAFF EXHIBIT 6 Note: Sacre, Candace Note: Sacre, Candace	GEN COUNSEL VINSEL PSC - WITNESS HAYNES CASE NO. 2021-00004 FINAL ORDER
1:51:30 PM	PSC STAFF EXHIBIT 7 Note: Sacre, Candace Note: Sacre, Candace	GEN COUNSEL VINSEL PSC - WITNESS HAYNES CASE NO. 2021-00004 STAFF FOURTH ITEM 1 MAY 21 2021 KPSC 4_1 GARY O. SPITZNOGLE AND BRIAN D. SHERRICK
1:51:49 PM	Vice Chairman Cabbage - witness Haynes Note: Sacre, Candace	Examination. What do you do at AEP?
1:52:31 PM	Vice Chairman Cabbage - witness Haynes Note: Sacre, Candace	As part of that, fair say you/your group analyzes finances feasibility mergers, acquisitions, divestitures, those things?
1:52:46 PM	Vice Chairman Cabbage - witness Haynes Note: Sacre, Candace	Be your role in this transaction?
1:52:51 PM	Vice Chairman Cabbage - witness Haynes Note: Sacre, Candace	Sponsored lead testimony on behalf AEP this transaction?

1:53:02 PM	Vice Chairman Cabbage - witness Haynes Note: Sacre, Candace	Kinda confused, questions about basic financials Kentucky Power, and answers are I don't know, not know what make of that as far as how assess public interest?
1:53:30 PM	Vice Chairman Cabbage - witness Haynes Note: Sacre, Candace	Someone else be receiving testimony from who would have answers?
1:54:35 PM	Vice Chairman Cabbage - witness Haynes Note: Sacre, Candace	Everyone here today, no intent come and say we don't know?
1:54:45 PM	Vice Chairman Cabbage - witness Haynes Note: Sacre, Candace	As senior vice president, why think beneficial to AEP purchase Kentucky Power?
1:55:53 PM	Vice Chairman Cabbage - witness Haynes Note: Sacre, Candace	Short version, get cash and more lucrative places to invest it?
1:56:07 PM	Vice Chairman Cabbage - witness Haynes Note: Sacre, Candace	What benefit to ratepayers?
1:57:05 PM	Vice Chairman Cabbage - witness Haynes Note: Sacre, Candace	In reality, getting \$1.4 billion in cash to invest?
1:57:17 PM	Vice Chairman Cabbage - witness Haynes Note: Sacre, Candace	Rockport, if transaction not go through another buyer before Rockport retired, Kentucky Power using generation from Rockport?
1:57:59 PM	Vice Chairman Cabbage - witness Haynes Note: Sacre, Candace	Other witness?
1:58:10 PM	Vice Chairman Cabbage - witness Haynes Note: Sacre, Candace	Know anything about affiliate agreements and FERC filings to remove Kentucky Power from those?
1:58:23 PM	Vice Chairman Cabbage - witness Haynes Note: Sacre, Candace	Know why those already filed when transaction not approved?
1:59:15 PM	Vice Chairman Cabbage - witness Haynes Note: Sacre, Candace	Made comment in response to Cook being asked about \$40 million offset to fuel adjustment, funding something related Big Sandy decommissioning rider, AEP offering offset to that or misconstrue something?
2:00:13 PM	Vice Chairman Cabbage - witness Haynes Note: Sacre, Candace	What mean by supporting financially?
2:00:22 PM	Vice Chairman Cabbage - witness Haynes Note: Sacre, Candace	How, putting up money to pay?
2:00:37 PM	Vice Chairman Cabbage - witness Haynes Note: Sacre, Candace	In other words, time value of money sitting there for three years, AEP share cost of that?
2:00:49 PM	Vice Chairman Cabbage - witness Haynes Note: Sacre, Candace	Lot of discussion, KIUC and AG, Eichler testified if Commission adopt that kill deal, agree?
2:01:25 PM	Vice Chairman Cabbage - witness Haynes Note: Sacre, Candace	Is there lesser number kill the deal?
2:02:09 PM	Vice Chairman Cabbage - witness Haynes Note: Sacre, Candace	Asked Eichler about condition precedent Mitchell agreements, need for ownership agreement, Liberty feel same way firm condition of transaction?
2:03:31 PM	Vice Chairman Cabbage - witness Haynes Note: Sacre, Candace	If some form of change in operator documented but not whole shebang, something workable?
2:04:41 PM	Chairman Chandler - witness Haynes Note: Sacre, Candace	Examination. Distinction between operating agreement and ownership agreement?

2:04:51 PM Chairman Chandler - witness Haynes  
Note: Sacre, Candace Even proposed operating agreement and proposed ownership agreement?

2:04:58 PM Chairman Chandler - witness Haynes  
Note: Sacre, Candace Distinction between two?

2:05:08 PM Chairman Chandler - witness Haynes  
Note: Sacre, Candace Not aware entirety this docket as may have been previous cases, lived through couple Kentucky Power rate cases now, certain deferrals cause cash outlays without recovery of expense, case with deferral of Rockport amounts, last few years deferring that to be paid later, outlay of cash and no income to pay bills?

2:06:58 PM Chairman Chandler - witness Haynes  
Note: Sacre, Candace Deferral of Rockport, not cash outlay associated with deferral but not recovery of amount?

2:07:20 PM Chairman Chandler - witness Haynes  
Note: Sacre, Candace Big Sandy?

2:07:36 PM Chairman Chandler - witness Haynes  
Note: Sacre, Candace Insofar cost to deferral of Big Sandy rider, lost opportunity cost, share in cost?

2:07:59 PM Chairman Chandler - witness Haynes  
Note: Sacre, Candace What is that amount?

2:08:04 PM Chairman Chandler - witness Haynes  
Note: Sacre, Candace \$3.5 million or year, or total if deferred three-year period?

2:08:11 PM Chairman Chandler - witness Haynes  
Note: Sacre, Candace Deferred for two years, lesser amount, or just agreed to \$3.5 million up front?

2:08:32 PM Chairman Chandler - witness Haynes  
Note: Sacre, Candace Could be legislature passes securitization, and it's four months?

2:08:56 PM Chairman Chandler - witness Haynes  
Note: Sacre, Candace So it's \$3.5 million set?

2:08:59 PM Chairman Chandler - witness Haynes  
Note: Sacre, Candace In addition to \$20 million sharing in fuel credit?

2:09:08 PM Chairman Chandler - witness Haynes  
Note: Sacre, Candace Agreement sets all this out, or handshake?

2:09:24 PM Chairman Chandler - witness Haynes  
Note: Sacre, Candace Any other money changing hands AEP to Liberty, AEP to Kentucky Power not have agreement in front of us or not previously disclosed?

2:09:38 PM Chairman Chandler - witness Haynes  
Note: Sacre, Candace Anybody else be aware of them?

2:10:18 PM Chairman Chandler - witness Haynes  
Note: Sacre, Candace \$3.5 million, payment to Liberty or payment Kentucky Power?

2:10:41 PM Chairman Chandler - witness Haynes  
Note: Sacre, Candace Interesting, actually what it is or how I should think about it?

2:10:54 PM Chairman Chandler - witness Haynes  
Note: Sacre, Candace Reduced purchase price?

2:11:02 PM Vice Chairman Cabbage - witness Haynes  
Note: Sacre, Candace Examination. There is a closing statement and will show as an offset back?

2:11:14 PM Chairman Chandler - witness Haynes  
Note: Sacre, Candace Examination. Is important, saying AG/KIUC proposal is apples to oranges comparison between five-hundred-and-something-million dollars and \$40 million?

2:11:30 PM	Chairman Chandler - witness Haynes Note: Sacre, Candace	What asking, is \$23.5 million apple or orange, on par with reduction in purchase price keep \$23.5 million dollars, or is it AEP taking portion of \$40 million and giving to somebody?
2:12:03 PM	Chairman Chandler - witness Haynes Note: Sacre, Candace	Negligible impact on after-tax position, not be a \$23.5 million impact to \$40 million?
2:12:33 PM	Chairman Chandler - witness Haynes Note: Sacre, Candace	Only reason not penalty because agree to it?
2:13:14 PM	Chairman Chandler - witness Haynes Note: Sacre, Candace	What want to make sure of, when said proposal is apples to oranges comparison, what saying what gave up something trying to force you give up?
2:13:48 PM	Chairman Chandler - witness Haynes Note: Sacre, Candace	Withdraw question, difference between benefit utility gets \$40 million?
2:14:04 PM	Chairman Chandler - witness Haynes Note: Sacre, Candace	Verse what being proposed by AG/KIUC related to excess of equity amount?
2:14:14 PM	Chairman Chandler - witness Haynes Note: Sacre, Candace	Saying amount AEP agreed forego not related to \$40 million after tax but directly related to amendment to purchase price?
2:14:42 PM	Chairman Chandler - witness Haynes Note: Sacre, Candace	Just the math?
2:14:51 PM	Vice Chairman Cabbage - witness Haynes Note: Sacre, Candace	Examination. It's pre-tax?
2:14:58 PM	Chairman Chandler - witness Haynes Note: Sacre, Candace	Examination. So if what willing to agree to, if that number amending in rebuttal, why links in testimony draw distinction between that amount and \$40 million?
2:15:31 PM	Chairman Chandler - witness Haynes Note: Sacre, Candace	Your reference, page 5, rebuttal, attorney asks what is flawed about Mr. Kollen's assumption, reading (click on link for further comments), response you provided was Mr. Kollen ignores full economic impact, reading (click on link for further comments), you go on for pages about impact of flawed assumption?
2:17:12 PM	Chairman Chandler - witness Haynes Note: Sacre, Candace	But what hearing, when talk about what willing to give up, not at all about \$40 million, what giving up reduction of \$585 million?
2:17:46 PM	Chairman Chandler - witness Haynes Note: Sacre, Candace	Proposal take \$23.5 million lower premium than what current transaction assumes?
2:18:24 PM	Chairman Chandler - witness Haynes Note: Sacre, Candace	It's \$23.5 million, agree on that?
2:18:29 PM	Chairman Chandler - witness Haynes Note: Sacre, Candace	Is that \$23.5 million going to reduce \$585 million by \$23.5 million?
2:18:46 PM	Chairman Chandler - witness Haynes Note: Sacre, Candace	Will it reduce it by \$23.5 million?
2:19:17 PM	Chairman Chandler - witness Haynes Note: Sacre, Candace	Lead on this project, accurate?
2:19:32 PM	Chairman Chandler - witness Haynes Note: Sacre, Candace	Lead project on other strategic review of unregulated renewables?

2:19:54 PM	Chairman Chandler - witness Haynes Note: Sacre, Candace	Amount of it being seller's market in selling regulated utility is it as much of or less than seller's market for selling unregulated renewables?
2:20:48 PM	Chairman Chandler - witness Haynes Note: Sacre, Candace	Not having to call people, they're calling you?
2:21:26 PM	Chairman Chandler - witness Haynes Note: Sacre, Candace	Here for hearing tomorrow?
2:21:31 PM	Chairman Chandler Note: Sacre, Candace	Redirect?
2:21:50 PM	Chairman Chandler Note: Sacre, Candace	Nine-minute recess until 2:30.
2:22:04 PM	Session Paused	
2:33:16 PM	Session Resumed	
2:33:25 PM	Chairman Chandler Note: Sacre, Candace	Back on the record in Case No. 2021-00481.
2:33:30 PM	Chairman Chandler Note: Sacre, Candace	Redirect?
2:33:38 PM	Atty Crespo AEP/Kentucky Power - witness Haynes Note: Sacre, Candace	Redirect Examination. Start with preview of something might discuss more tomorrow, Mitchell operating agreement, ownership related provisions in it?
2:34:13 PM	Atty Crespo AEP/Kentucky Power - witness Haynes Note: Sacre, Candace	What would say is balance of operating and ownership provisions in agreement?
2:34:28 PM	Atty Crespo AEP/Kentucky Power - witness Haynes Note: Sacre, Candace	Would say 20 percent that's operating maps to new operating agreement?
2:34:50 PM	Atty Crespo AEP/Kentucky Power - witness Haynes Note: Sacre, Candace	Both provisions in current agreements, current Mitchell operating agreement map to new ownership agreement?
2:35:07 PM	Atty Crespo AEP/Kentucky Power - witness Haynes Note: Sacre, Candace	Summarize, really ownership provisions are the most significant in need of improvement comply with Commission orders and other things?
2:35:32 PM	Atty Crespo AEP/Kentucky Power - witness Haynes Note: Sacre, Candace	Like to talk some more about KIUC Exhibit 11, have a copy up there?
2:36:00 PM	Atty Crespo AEP/Kentucky Power - witness Haynes Note: Sacre, Candace	Not sought to verify any of numbers on this page?
2:36:15 PM	Atty Crespo AEP/Kentucky Power - witness Haynes Note: Sacre, Candace	Obvious issues with numbers?
2:36:27 PM	Atty Crespo AEP/Kentucky Power - witness Haynes Note: Sacre, Candace	Talk about those?
2:39:06 PM	Atty Crespo AEP/Kentucky Power - witness Haynes Note: Sacre, Candace	Other ways of raising funds?
2:39:43 PM	Chairman Chandler Note: Sacre, Candace	Ask clarifying question?
2:39:48 PM	Chairman Chandler - witness Haynes Note: Sacre, Candace	Examination. One to two cents, one to two cents annual basis or quarterly basis, the accretion rate?
2:39:58 PM	Atty Crespo AEP/Kentucky Power - witness Haynes Note: Sacre, Candace	That one to two cents only estimated through end of year?

2:40:12 PM	Atty Crespo AEP/Kentucky Power - witness Haynes Note: Sacre, Candace	Only estimated through end of year because have to speculate what effect be later in time?
2:40:27 PM	Atty Crespo AEP/Kentucky Power - witness Haynes Note: Sacre, Candace	Upshot collect proceeds this transaction to any reinvestments and profitability reinvestment in future speculative?
2:40:49 PM	Chairman Chandler Note: Sacre, Candace	Step down, stay around.
2:41:00 PM	Chairman Chandler Note: Sacre, Candace	Call next witness?
2:41:04 PM	Atty Glass AEP/Kentucky Power Note: Sacre, Candace	Modify witness list slightly, propose Llende.
2:41:23 PM	Atty Glass AEP/Kentucky Power Note: Sacre, Candace	Call James Llende.
2:41:50 PM	Chairman Chandler Note: Sacre, Candace	Witness is sworn.
2:41:59 PM	Chairman Chandler - witness Llende Note: Sacre, Candace	Examination. Name and address?
2:42:17 PM	Atty Blend AEP/Kentucky Power - witness Llende Note: Sacre, Candace	Direct Examination. Rebuttal and responses filed in this case?
2:42:30 PM	Atty Blend AEP/Kentucky Power - witness Llende Note: Sacre, Candace	And responses?
2:42:37 PM	Atty Blend AEP/Kentucky Power - witness Llende Note: Sacre, Candace	Any changes or corrections?
2:42:42 PM	Atty Blend AEP/Kentucky Power - witness Llende Note: Sacre, Candace	Asked same questions, answers be same?
2:42:55 PM	Chairman Chandler Note: Sacre, Candace	Questions?
2:43:04 PM	Atty Kurtz KIU - witness Llende Note: Sacre, Candace	Cross Examination. One to two cents earnings per share, per books number?
2:43:23 PM	Atty Kurtz KIU - witness Llende Note: Sacre, Candace	Reflective of your Rebuttal Exhibit 1 showing \$50 million after-tax gain for AEP total, or Kentucky Power \$40 million?
2:44:43 PM	Atty Kurtz KIU - witness Llende Note: Sacre, Candace	Earnings per share not tax number?
2:44:52 PM	Atty Kurtz KIU - witness Llende Note: Sacre, Candace	Not cash number?
2:45:04 PM	Atty Kurtz KIU - witness Llende Note: Sacre, Candace	\$1.4 billion cash AEP net from sale not reflected in one to two cents per share?
2:45:29 PM	Chairman Chandler Note: Sacre, Candace	Questions?
2:45:50 PM	Staff Atty Temple PSC - witness Llende Note: Sacre, Candace	Cross Examination. Exhibit prepared, how came up with division Kentucky Power and Kentucky Transco?
2:46:36 PM	Chairman Chandler - witness Llende Note: Sacre, Candace	Examination. Which witness?
2:46:45 PM	Staff Atty Temple PSC - witness Llende Note: Sacre, Candace	Cross Examination (cont'd). Which line item included current cash taxes now due and payable of \$450 million?
2:48:08 PM	Staff Atty Temple PSC - witness Llende Note: Sacre, Candace	Split between Kentucky Power and Kentucky Transco?

2:48:55 PM	Staff Atty Temple PSC - witness Llende Note: Sacre, Candace	Generally discuss tax implications divesting utility through stock transfer?
2:51:11 PM	Staff Atty Temple PSC - witness Llende Note: Sacre, Candace	Be any change to ADIT including net operating loss on Kentucky Power books?
2:52:42 PM	Staff Atty Temple PSC - witness Llende Note: Sacre, Candace	Rebuttal, page 5, lines 13 and 14, AEP have current cash taxes now due and payable of \$450 million?
2:53:07 PM	Staff Atty Temple PSC - witness Llende Note: Sacre, Candace	Explain because Kentucky Power ADIT not on consolidated taxes anymore?
2:53:33 PM	Atty Temple PSC - witness Llende Note: Sacre, Candace	Because Kentucky Power ADIT not on consolidated taxes anymore?
2:55:04 PM	Atty Temple PSC - witness Llende Note: Sacre, Candace	Explain treatment of NOL?
2:56:17 PM	Chairman Chandler - witness Llende Note: Sacre, Candace	Examination. Ask clarification, said we had a few come out, your private letter rulings or others?
2:58:28 PM	Chairman Chandler - witness Llende Note: Sacre, Candace	When it was retired?
2:58:38 PM	Chairman Chandler - witness Llende Note: Sacre, Candace	Took an impairment?
2:59:03 PM	Chairman Chandler - witness Llende Note: Sacre, Candace	Explicit reason, what explained, because not property related reason ADIT and Big Sandy decommissioning rider associated with reg asset not protected?
2:59:34 PM	Vice Chairman Cabbage - witness Llende Note: Sacre, Candace	Examination. Actually made sense. Discussion about \$20 million contribution to fuel offset, on exhibit where show in here?
3:01:16 PM	Chairman Chandler - witness Llende Note: Sacre, Candace	Examination. \$450 million arises because not able use ADIT related to Kentucky Power for AEP tax purposes?
3:01:56 PM	Chairman Chandler - witness Llende Note: Sacre, Candace	Sine wave above and below, whether in tax-paying position or not?
3:02:15 PM	Chairman Chandler - witness Llende Note: Sacre, Candace	Move to stand-alone filings for NOL, when say following companies filed stand-alone XXX, what mean by filed?
3:03:24 PM	Chairman Chandler - witness Llende Note: Sacre, Candace	Other two here plan to file TLRs with IRS?
3:03:34 PM	Chairman Chandler - witness Llende Note: Sacre, Candace	Include Kentucky Power if agreement not approved?
3:04:10 PM	Chairman Chandler - witness Llende Note: Sacre, Candace	Filed for two taxpayers and planned filing other two, hoping get answer back ahead rate cases know how ensure calculate rates on stand-alone basis correctly?
3:06:20 PM	Chairman Chandler Note: Sacre, Candace	Redirect?
3:06:29 PM	Chairman Chandler Note: Sacre, Candace	Redirect exhibit?
3:06:33 PM	Chairman Chandler Note: Sacre, Candace	Proceed.
3:06:38 PM	Atty Blend AEP/Kentucky Power Note: Sacre, Candace	Mark this as AEP/Kentucky Power Exhibit 1.



3:07:53 PM	Atty Kurtz KIUC Note: Sacre, Candace	Objection. (Click on link for further comments).
3:08:30 PM	Chairman Chandler Note: Sacre, Candace	Make a statement, pretty wide open here, less information provided works for us, (click on link for further comments).
3:09:12 PM	Atty Blend AEP/Kentucky Power - witness Llende Note: Sacre, Candace	Redirect Examination. Temple asked about testimony page R-5 regarding response to AEP benefit analysis Kollen prepared, walk through verbally in testimony, prepared written walk-through?
3:10:01 PM	Atty Blend AEP/Kentucky Power - witness Llende Note: Sacre, Candace	Refer to AEP/Kentucky Power Exhibit 1, is that analysis?
3:10:11 PM	Atty Blend AEP/Kentucky Power - witness Llende Note: Sacre, Candace	Walk Commission through it?
3:13:26 PM	Chairman Chandler - witness Llende Note: Sacre, Candace	Examination. How paying back \$180 million loan you made them a reduction to your equity?
3:13:56 PM	Chairman Chandler - witness Llende Note: Sacre, Candace	Being repaid?
3:14:01 PM	Chairman Chandler - witness Llende Note: Sacre, Candace	If reduction equity today as loan and repaid, would increase equity, right?
3:14:50 PM	Atty Blend AEP/Kentucky Power - witness Llende Note: Sacre, Candace	Redirect Examination (cont'd). Questions asked of Haynes KIUC Exhibit 11, remaining amount of cash proceeds \$462 million, recall?
3:15:16 PM	Atty Blend AEP/Kentucky Power - witness Llende Note: Sacre, Candace	Walk us through what just talked about inter-company loaner payment and tax credits relates to that number?
3:16:47 PM	Chairman Chandler Note: Sacre, Candace	Think be provided as rebuttal exhibit, give counsel ability recross.
3:17:06 PM	Chairman Chandler Note: Sacre, Candace	Questions? (Click on link for further comments.)
3:18:00 PM	Chairman Chandler - witness Llende Note: Sacre, Candace	Examination. Fact both adjustments line 7 reduce cash, not go to fact this is \$1.4 million dollar accretion to equity?
3:18:48 PM	Chairman Chandler - witness Llende Note: Sacre, Candace	Even though reduce book equity, still cash for AEP?
3:19:13 PM	Chairman Chandler - witness Llende Note: Sacre, Candace	Just a rounding of \$25 million, just because use of round numbers?
3:19:54 PM	Vice Chairman Cabbage - witness Llende Note: Sacre, Candace	Examination. Significant figures issue?
3:20:09 PM	Chairman Chandler - witness Llende Note: Sacre, Candace	Taxes due explicitly arise because as a result exclusively of the transaction, the \$450 million?
3:20:32 PM	Chairman Chandler - witness Llende Note: Sacre, Candace	Pull-forward credits discussing earlier?
3:21:00 PM	Chairman Chandler Note: Sacre, Candace	Additional questions?
3:21:04 PM	Chairman Chandler Note: Sacre, Candace	Move for introduction? (Click on link for further comments.)
3:21:17 PM	Chairman Chandler Note: Sacre, Candace	Introduced as AEP/Kentucky Power Exhibit 1.
3:21:35 PM	AEP/KENTUCKY POWER EXHIBIT 1 Note: Sacre, Candace Note: Sacre, Candace	ATTY BLEND AEP/KENTUCKY POWER - WITNESS LLENDE RESPONSE TO KOLLEN AEP BENEFIT ANALYSIS

3:21:39 PM	Chairman Chandler Note: Sacre, Candace	Next witness?
3:21:42 PM	Atty Blend AEP/Kentucky Power Note: Sacre, Candace	Michael A. Baird.
3:22:16 PM	Chairman Chandler Note: Sacre, Candace	Witness is sworn.
3:22:23 PM	Chairman Chandler - witness Baird Note: Sacre, Candace	Examination. Name and address?
3:22:37 PM	Atty Blend AEP/Kentucky Power - witness Baird Note: Sacre, Candace	Direct Examination. By whom employed, what position?
3:22:50 PM	Atty Blend AEP/Kentucky Power - witness Baird Note: Sacre, Candace	Cause responses be filed?
3:22:55 PM	Atty Blend AEP/Kentucky Power - witness Baird Note: Sacre, Candace	Changes, corrections?
3:22:59 PM	Atty Blend AEP/Kentucky Power - witness Baird Note: Sacre, Candace	Asked questions again, answers be same?
3:23:05 PM	Chairman Chandler Note: Sacre, Candace	Questions?
3:23:18 PM	Gen Counsel Vinsel PSC - witness Baird Note: Sacre, Candace	Cross Examination. Have copy of Lende rebuttal?
3:23:28 PM	Gen Counsel Vinsel PSC - witness Baird Note: Sacre, Candace	Turn to Exhibit JXL-1, AEP parent impact Kentucky Power sale?
3:23:45 PM	Gen Counsel Vinsel PSC - witness Baird Note: Sacre, Candace	Split Kentucky Power and Kentucky Transco, explain basis for split?
3:24:12 PM	Chairman Chandler Note: Sacre, Candace	Questions?
3:24:23 PM	Chairman Chandler - witness Baird Note: Sacre, Candace	Examination. Percentage?
3:24:35 PM	Chairman Chandler - witness Baird Note: Sacre, Candace	Year 2020?
3:24:45 PM	Chairman Chandler - witness Baird Note: Sacre, Candace	Appropriate allocation for tax purposes?
3:24:57 PM	Chairman Chandler Note: Sacre, Candace	Questions?
3:25:15 PM	Atty Glass AEP/Kentucky Power Note: Sacre, Candace	Kentucky Power and AEP call Brian K. West.
3:25:19 PM	Chairman Chandler Note: Sacre, Candace	Procedural discussions. (Click on link for further comments.)
3:27:00 PM	Chairman Chandler Note: Sacre, Candace	Witness is sworn.
3:27:06 PM	Chairman Chandler - witness West Note: Sacre, Candace	Examination. Name and address?
3:27:25 PM	Atty Glass AEP/Kentucky Power - witness West Note: Sacre, Candace	Direct Examination. Employer?
3:27:36 PM	Atty Glass AEP/Kentucky Power - witness West Note: Sacre, Candace	Cause be filed direct, rebuttal, and responses?
3:27:45 PM	Atty Glass AEP/Kentucky Power - witness West Note: Sacre, Candace	Corrections?
3:27:50 PM	Atty Glass AEP/Kentucky Power - witness West Note: Sacre, Candace	Ask same questions, answers be same?
3:27:57 PM	Chairman Chandler Note: Sacre, Candace	Questions?

3:28:00 PM	Asst Atty General West - witness West Note: Sacre, Candace	Cross Examination. Opportunity speak to this, impacts of transaction on employees of Kentucky Power?
3:28:53 PM	Asst Atty General West - witness West Note: Sacre, Candace	Any impacts to retirees?
3:29:04 PM	Asst Atty General West - witness West Note: Sacre, Candace	Head count Kentucky Power at this time?
3:29:28 PM	Asst Atty General West - witness West Note: Sacre, Candace	How compare head count before transaction announced, material change?
3:29:44 PM	Asst Atty General West - witness West Note: Sacre, Candace	2021 major storms in service area?
3:29:50 PM	Asst Atty General West - witness West Note: Sacre, Candace	Talk about timing of storms, damage, and outage in duration?
3:31:18 PM	Asst Atty General West - witness West Note: Sacre, Candace	Talk about duration of outages?
3:31:44 PM	Asst Atty General West - witness West Note: Sacre, Candace	Page 17 rebuttal, chart interruptions last ten years, have that in front of you?
3:32:02 PM	Asst Atty General West - witness West Note: Sacre, Candace	How define interruption?
3:32:50 PM	Asst Atty General West - witness West Note: Sacre, Candace	Chart on page 17 shows 581 interruptions in 2021, correct?
3:33:09 PM	Asst Atty General West - witness West Note: Sacre, Candace	Would Feb 2021 storms incorporated into 518 number?
3:33:32 PM	Asst Atty General West - witness West Note: Sacre, Candace	Related to major event days, required submit SAIDI and SAIFI reports to Commission and EIA?
3:33:43 PM	Asst Atty General West - witness West Note: Sacre, Candace	Reports submitted for 2021 winter storms?
3:34:05 PM	Asst Atty General West - witness West Note: Sacre, Candace	Post-hearing data request identify if those been filed, point us to them if been, otherwise when be filed if not been?
3:34:07 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	ASST ATTY GENERAL WEST - WITNESS WEST SAIDI AND SAIFI REPORTS SUBMITTED FOR 2021 WINTER STORMS OR WHEN WILL BE SUBMITTED
3:34:19 PM	Asst Atty General West - witness West Note: Sacre, Candace	Have knowledge of preliminary findings SAIDI or SAIFI related to winter storms?
3:34:32 PM	Asst Atty General West - witness West Note: Sacre, Candace	Any conclusions be drawn at this stage of investigation, conclusions can draw may end up in SAIDI or SAIFI report?
3:36:23 PM	Chairman Chandler Note: Sacre, Candace	Mr. Kurtz?
3:36:27 PM	Atty Kurtz KIUC - witness West Note: Sacre, Candace	Cross Examination. Sponsor to data response is page two KIUC Cross Exhibit 4 Project Nickel capital expenditures?
3:36:50 PM	Atty Kurtz KIUC - witness West Note: Sacre, Candace	Copy in front of you?
3:37:10 PM	Atty Kurtz KIUC - witness West Note: Sacre, Candace	Project Nickel code name sale of Kentucky Power?
3:37:15 PM	Atty Kurtz KIUC - witness West Note: Sacre, Candace	Capital budget forecast provided to potential bidders Kentucky Power?

3:37:26 PM	Atty Kurtz KIUC - witness West Note: Sacre, Candace	Current rate base Kentucky Power/Kentucky Transco \$2.2 billion?
3:37:38 PM	Atty Kurtz KIUC - witness West Note: Sacre, Candace	When add up nine-year period, AEP telling bidders rate base increased by \$4.75 billion?
3:38:10 PM	Atty Kurtz KIUC - witness West Note: Sacre, Candace	Total Kentucky Power expenditures 22 through 30?
3:38:21 PM	Atty Kurtz KIUC - witness West Note: Sacre, Candace	KIUC Cross Exhibit 4, page 2.
3:38:47 PM	Atty Kurtz KIUC - witness West Note: Sacre, Candace	Math correct over nine-year period AEP telling potential bidders capital expenditures at Kentucky Power expected be \$4.75 billion?
3:39:17 PM	Atty Kurtz KIUC - witness West Note: Sacre, Candace	AEP telling potential bidders was investment opportunity grow rate and grow earnings?
3:40:33 PM	Atty Kurtz KIUC - witness West Note: Sacre, Candace	Pendulum result tripling of Kentucky Power rate base from \$2.2 billion to add \$4.75 additional?
3:40:58 PM	Atty Kurtz KIUC - witness West Note: Sacre, Candace	Steam, steam generation?
3:41:00 PM	Atty Kurtz KIUC - witness West Note: Sacre, Candace	Steam generation, the very first?
3:41:08 PM	Atty Kurtz KIUC - witness West Note: Sacre, Candace	Steam generation be Mitchell and Big Sandy Unit 1, the gas facility?
3:41:19 PM	Atty Kurtz KIUC - witness West Note: Sacre, Candace	Big Sandy 1 projected retire in 2030, Kentucky Power ownership interest at this point is 2028 for Mitchell, correct?
3:41:36 PM	Atty Kurtz KIUC - witness West Note: Sacre, Candace	In 2026, capital expenditures \$7.7 million, in 2027 up to \$125 million, and then \$123 million, why projecting spend so much money on power plants projected to retire?
3:42:10 PM	Atty Kurtz KIUC - witness West Note: Sacre, Candace	Bottom, renewables, seven-year period AEP telling potential buyers Kentucky Power spend \$2.35 billion on renewables, what are these, have certificates convenience/necessity build this amount?
3:43:07 PM	Atty Kurtz KIUC - witness West Note: Sacre, Candace	Strategic announcement April 2021, using estimated 2022, why tell potential buyers spend this amount renewable generation when not have approval?
3:43:45 PM	Atty Kurtz KIUC - witness West Note: Sacre, Candace	In 2021, when bidders ask you information, 2022 not long range?
3:44:02 PM	Atty Kurtz KIUC - witness West Note: Sacre, Candace	Not reflect actual budget?
3:44:26 PM	Chairman Chandler Note: Sacre, Candace	Cross?
3:44:37 PM	Staff Atty Temple PSC - witness West Note: Sacre, Candace	Cross Examination. When Haynes testifying, not know status loan matured on Mar 6 2022, know what status is, have updates?
3:45:39 PM	Gen Counsel Vinsel PSC Note: Sacre, Candace	Does ring a bell, one issue raised this case term loan expire March 6 2021, question being financed or extended, Haynes responded discovery saying in process, not have answer, what happened to it, ask post-hearing data request.
3:46:30 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace	STAFF ATTY TEMPLE PSC - WITNESS WEST

	Note: Sacre, Candace	STATUS OF TERM EXPIRED MARCH 6 2021 FINANCED OR EXTENDED
3:46:32 PM	Staff Atty Temple PSC - witness West	
	Note: Sacre, Candace	What steps taken address Commission directive to mitigate transmission costs shifted to ratepayers?
3:47:36 PM	Chairman Chandler	
	Note: Sacre, Candace	Vice Chair?
3:47:44 PM	Vice Chairman Cabbage - witness West	
	Note: Sacre, Candace	Examination. Staying with Kentucky Power if transaction approved?
3:48:06 PM	Vice Chairman Cabbage - witness West	
	Note: Sacre, Candace	Assumption or Commission order?
3:48:19 PM	Vice Chairman Cabbage - witness West	
	Note: Sacre, Candace	Rockport, fulfills part of capacity requirement, Kentucky Power using capacity serve ratepayers in jurisdiction?
3:49:14 PM	Vice Chairman Cabbage - witness West	
	Note: Sacre, Candace	Average amount believe Kentucky Power using?
3:49:53 PM	Chairman Chandler - witness West	
	Note: Sacre, Candace	Examination. Appreciate response done things differently Jan 2018 Order, Kewaunee Order came out before rate case?
3:50:36 PM	Chairman Chandler - witness West	
	Note: Sacre, Candace	Around Christmas, a little before?
3:50:49 PM	Chairman Chandler - witness West	
	Note: Sacre, Candace	Other than Kewaunee project, AEP done different after Commission concern expressed in Final Order?
3:51:50 PM	Chairman Chandler - witness West	
	Note: Sacre, Candace	Have expectation Kentucky Transco not be invested in anymore?
3:52:00 PM	Chairman Chandler - witness West	
	Note: Sacre, Candace	As relates to cost shift, three cost shifts occurring, (click on link for further comments), your understanding?
3:52:55 PM	Chairman Chandler - witness West	
	Note: Sacre, Candace	In event 1 CP to PJM and 12 CP as relates reallocation, if difference, different type of subsidy or mismatch, way ultimately paid for?
3:53:27 PM	Chairman Chandler - witness West	
	Note: Sacre, Candace	Agree allocated on 1 CP verse 12 CP going to be difference?
3:53:36 PM	Chairman Chandler - witness West	
	Note: Sacre, Candace	Understanding proposed to be amended as part of agreement?
3:54:00 PM	Chairman Chandler - witness West	
	Note: Sacre, Candace	What about third, fact that entire AEP zone treated local, expenses shared, Kentucky Power subsidizing customers and transmission system other PJM operating companies, aware of that?
3:54:38 PM	Chairman Chandler - witness West	
	Note: Sacre, Candace	First one addressed, second one proposed to be address, aware any proposal by AEP, Kentucky Power, or Liberty address third issue?
3:55:33 PM	Chairman Chandler - witness West	
	Note: Sacre, Candace	Heard today Haynes testimony relative allocation to capital, rotation of capital, please earn higher ROE, remember that?
3:56:10 PM	Chairman Chandler - witness West	
	Note: Sacre, Candace	Any consideration to ROE Kentucky Power earns relative capital allocated verse other affiliates?
3:56:22 PM	Chairman Chandler - witness West	
	Note: Sacre, Candace	Understanding need only consideration in which AEP allocated capital?
3:56:32 PM	Chairman Chandler - witness West	
	Note: Sacre, Candace	Agree reasonable assume portion of allocation dependent upon relative return different jurisdiction?

3:58:07 PM	Chairman Chandler - witness West Note: Sacre, Candace	Understanding FFO to debt ratio Kentucky Power lags behind other affiliates?
3:58:15 PM	Chairman Chandler - witness West Note: Sacre, Candace	Agree equity ratio Kentucky Power lags relative other affiliates?
3:58:26 PM	Chairman Chandler Note: Sacre, Candace	Provide copy of KIUC Cross 10?
3:59:10 PM	Chairman Chandler - witness West Note: Sacre, Candace	Halfway through, page 23, magical AEP floating balls?
3:59:24 PM	Chairman Chandler - witness West Note: Sacre, Candace	See at bottom talks about authorized equity layers and whole percentages?
3:59:32 PM	Chairman Chandler - witness West Note: Sacre, Candace	Aware Kentucky Power equity ratio?
3:59:36 PM	Chairman Chandler - witness West Note: Sacre, Candace	Agree well below equity ratios other operating companies?
4:00:00 PM	Chairman Chandler - witness West Note: Sacre, Candace	Agree Kentucky Power from financial measures benefit from additional equity provided to it invest in capital?
4:00:28 PM	Chairman Chandler - witness West Note: Sacre, Candace	Document talking to Kurtz about, capital plan triples distribution investment next couple years, Kentucky Power not made presumption customers not take additional capital investment?
4:00:56 PM	Chairman Chandler - witness West Note: Sacre, Candace	Tend to agree, KIUC Cross 4, see 2022 forecast for budgeted capital additions, see that?
4:01:28 PM	Chairman Chandler - witness West Note: Sacre, Candace	2020 forecast more than any given year 2011-2022?
4:01:35 PM	Chairman Chandler - witness West Note: Sacre, Candace	About \$9 million more?
4:01:40 PM	Chairman Chandler - witness West Note: Sacre, Candace	Same for 2023?
4:01:44 PM	Chairman Chandler - witness West Note: Sacre, Candace	2024 \$5 million more than 2022, more than any previous years?
4:01:51 PM	Chairman Chandler - witness West Note: Sacre, Candace	In 2025, \$119 million?
4:02:05 PM	Chairman Chandler - witness West Note: Sacre, Candace	Here in your position during 2020 rate case, right?
4:02:21 PM	Chairman Chandler - witness West Note: Sacre, Candace	In position, review record in 2017 rate case?
4:02:33 PM	Chairman Chandler - witness West Note: Sacre, Candace	Watch hearing?
4:02:38 PM	Chairman Chandler - witness West Note: Sacre, Candace	Be surprised Kentucky Power witnesses not discussing part of plan seek increased investment in Kentucky Power relative affiliate operating companies in other states?
4:03:01 PM	Chairman Chandler - witness West Note: Sacre, Candace	If exclusively based on need, what benefit of management operating company seeking bring more money to other operating companies?
4:03:28 PM	Chairman Chandler - witness West Note: Sacre, Candace	If be unsuccessful seeking additional monies for investment, why management seek money if not successful?

4:04:55 PM	Chairman Chandler - witness West Note: Sacre, Candace	When determined what level can do, your position whatever level Kentucky Power determine do, your experience AEP has provided Kentucky Power with entirety capital necessary?
4:05:22 PM	Chairman Chandler - witness West Note: Sacre, Candace	What portion from what needed be done verse what Kentucky Power determined can do what difference in investment have reduced?
4:05:41 PM	Chairman Chandler - witness West Note: Sacre, Candace	Said difference between planning, what needed, and reality what actually do, what gap there?
4:07:09 PM	Chairman Chandler - witness West Note: Sacre, Candace	What different under Liberty management than what Kentucky Power done last ten years?
4:08:26 PM	Chairman Chandler - witness West Note: Sacre, Candace	Disagree given all testimony interaction AEP zone, AEP lack of transmission investment relative affiliates costing Kentucky Power millions of dollars a year?
4:09:05 PM	Chairman Chandler - witness West Note: Sacre, Candace	Not aware of testimony and evidence of that?
4:09:17 PM	Chairman Chandler - witness West Note: Sacre, Candace	It just is, economic reality, Kentucky Power customers paying millions of dollars a year more for transmission of other affiliates?
4:10:05 PM	Chairman Chandler - witness West Note: Sacre, Candace	Has Kentucky Power looked at be better off under different system?
4:10:14 PM	Chairman Chandler - witness West Note: Sacre, Candace	\$10 million annual PPA expense amount, expense amount, not capital cost, right?
4:10:31 PM	Chairman Chandler - witness West Note: Sacre, Candace	\$10 million revenue requirement basis, if invest and cost customers \$10 million a year, those be investments well in excess of \$10 million, how depreciation works?
4:10:47 PM	Chairman Chandler - witness West Note: Sacre, Candace	If have expense of \$10 million, ten million in ten million out, if have capital cost of \$10 million, revenue requirement impact customers less than \$10 million, agree?
4:11:06 PM	Chairman Chandler Note: Sacre, Candace	Ms. Glass?
4:11:19 PM	Atty Glass AEP/Kentucky Power - witness West Note: Sacre, Candace	Redirect Examination. Does invest in capital translate one to one with increased rate base, or rate base only grow investment in excess of depreciation?
4:12:00 PM	Atty Glass AEP/Kentucky Power - witness West Note: Sacre, Candace	If invest \$1 capital, translate to \$1 in increased rate base, or does rate base only grow by investment excess of depreciation?
4:12:39 PM	Atty Glass AEP/Kentucky Power - witness West Note: Sacre, Candace	Have to net out depreciation?
4:12:50 PM	Chairman Chandler Note: Sacre, Candace	Net investment rate base? (Click on link for further comments.)
4:13:09 PM	Atty Glass AEP/Kentucky Power - witness West Note: Sacre, Candace	Earlier talking about enhancement to asset replacement program, company also invest in AMI meters?
4:13:30 PM	Atty Glass AEP/Kentucky Power - witness West Note: Sacre, Candace	CPCN for AMI granted?

4:13:36 PM	Atty Glass AEP/Kentucky Power Note: Sacre, Candace	Use AEP confidential document. (Click on link for further comments.)
4:13:55 PM	Chairman Chandler Note: Sacre, Candace	For purposes of redirect, have document is record document been provided protection and confidential excluding LS Power and Liberty? (Click on link for further comments.)
4:14:47 PM	Chairman Chandler Note: Sacre, Candace	Break until 4:30.
4:15:05 PM	Session Paused	
4:33:22 PM	Session Resumed	
4:33:40 PM	Chairman Chandler Note: Sacre, Candace	Back on the record in Case No. 2021-00481. (Click on link for further comments.)
4:35:14 PM	Chairman Chandler Note: Sacre, Candace	Move to confidential session.
4:35:17 PM	Private Mode Activated	
4:35:17 PM	Private Recording Activated	
4:37:01 PM	Atty Glass AEP/Kentucky Power - witness West Note: Sacre, Candace	Seen before?
4:42:53 PM	Asst Atty General Cook Note: Sacre, Candace	Not received exhibit by email. (Click on link for further comments.)
4:43:50 PM	Chairman Chandler Note: Sacre, Candace	Enter as AEP/Kentucky Power Confidential Exhibit 1.
4:44:21 PM	Normal Mode Activated	
4:44:21 PM	Public Recording Activated	
4:45:05 PM	Chairman Chandler Note: Sacre, Candace	Short recess.
4:45:18 PM	Session Paused	
4:48:27 PM	Session Resumed	
4:49:12 PM	Chairman Chandler Note: Sacre, Candace	Procedural discussion. (Click on link for further comments.)
4:49:42 PM	Chairman Chandler Note: Sacre, Candace	On record in Case No. 2021-00481
4:49:48 PM	Chairman Chandler Note: Sacre, Candace	Additional redirect?
4:49:55 PM	Atty Glass AEP/Kentucky Power - witness West Note: Sacre, Candace	Redirect Examination (cont'd). Able to find date Vinsel originally asked for in data request?
4:50:34 PM	Atty Glass AEP/Kentucky Power - witness West Note: Sacre, Candace	Earlier asked about proposal implement AMI meters, recall?
4:50:50 PM	Atty Glass AEP/Kentucky Power - witness West Note: Sacre, Candace	Kentucky Power have ability make investment for AMI under AEP capital plan?
4:51:01 PM	Atty Glass AEP/Kentucky Power - witness West Note: Sacre, Candace	Does Kentucky Power have transmission projects in queue?
4:51:35 PM	Chairman Chandler - witness West Note: Sacre, Candace	Examination. Saying projects in PJM queue with Kentucky Power, AEPSC, someone on behalf Kentucky Power being initiator?
4:51:59 PM	Chairman Chandler - witness West Note: Sacre, Candace	Know at what point in cue?
4:52:18 PM	Chairman Chandler - witness West Note: Sacre, Candace	Round-about number megawatts?



4:52:25 PM	Chairman Chandler - witness West Note: Sacre, Candace	A few hundred, ten-megawatt projects?
4:52:37 PM	Chairman Chandler Note: Sacre, Candace	Clarification discussion. (Click on link for further comments.)
4:53:18 PM	Chairman Chandler Note: Sacre, Candace	Call next witness?
4:53:23 PM	Atty Glass AEP/Kentucky Power Note: Sacre, Candace	Amanda Conner.
4:54:03 PM	Chairman Chandler Note: Sacre, Candace	Witness is sworn.
4:54:10 PM	Chairman Chandler - witness Conner Note: Sacre, Candace	Examination. Name and address?
4:54:24 PM	Atty Overstreet AEP/Kentucky Power - witness Conner Note: Sacre, Candace	Direct Examination. Provide position with AEPSC?
4:54:40 PM	Atty Overstreet AEP/Kentucky Power - witness Conner Note: Sacre, Candace	File testimony?
4:54:47 PM	Atty Overstreet AEP/Kentucky Power - witness Conner Note: Sacre, Candace	File responses?
4:54:52 PM	Atty Overstreet AEP/Kentucky Power - witness Conner Note: Sacre, Candace	Certain of responses assumed by Vaughan?
4:55:01 PM	Atty Overstreet AEP/Kentucky Power - witness Conner Note: Sacre, Candace	Still remaining responses for which responsible?
4:55:08 PM	Atty Overstreet AEP/Kentucky Power - witness Conner Note: Sacre, Candace	Asked same questions, answers be same?
4:55:26 PM	Chairman Chandler Note: Sacre, Candace	Questions?
4:55:45 PM	Chairman Chandler - witness Conner Note: Sacre, Candace	Examination. Difference between local transmission inter-regional bulk transmission?
4:56:47 PM	Chairman Chandler - witness Conner Note: Sacre, Candace	Separate from planning, size of transmission, voltage of transmission makes distinction whether local or more regional, take for instance AEP owns 765 line?
4:57:10 PM	Chairman Chandler - witness Conner Note: Sacre, Candace	Not consider 765 line local transmission facility?
4:57:22 PM	Chairman Chandler - witness Conner Note: Sacre, Candace	May be different than 69 kV transmission line?
4:57:30 PM	Chairman Chandler - witness Conner Note: Sacre, Candace	Transmission, aware 77 factor test, what is transmission and what is not?
4:57:42 PM	Chairman Chandler - witness Conner Note: Sacre, Candace	Not just threshold for voltage, agree?
4:57:52 PM	Chairman Chandler - witness Conner Note: Sacre, Candace	Whether 34.5 kV considered transmission one instance and considered not transmission for another utility?
4:58:38 PM	Chairman Chandler - witness Conner Note: Sacre, Candace	Aware distinction projects available competitive solicitation at PJM and those that are not?
4:58:45 PM	Chairman Chandler - witness Conner Note: Sacre, Candace	Aware is voltage threshold?
4:59:04 PM	Chairman Chandler - witness Conner Note: Sacre, Candace	Competition itself?
4:59:35 PM	Chairman Chandler - witness Conner Note: Sacre, Candace	Does not allocation follow type of project, not other way around?

5:00:01 PM	Chairman Chandler - witness Conner Note: Sacre, Candace	Agree as general matter unless multiple contingencies, 69 kV baseline need not be subject to competition?
5:00:27 PM	Chairman Chandler Note: Sacre, Candace	Post-hearing data requests on issue. (Click on link for further comments.)
5:00:48 PM	Chairman Chandler Note: Sacre, Candace	Redirect?
5:01:08 PM	Chairman Chandler Note: Sacre, Candace	Next witness?
5:01:10 PM	Atty Overstreet AEP/Kentucky Power Note: Sacre, Candace	Alex E. Vaughan.
5:01:45 PM	Chairman Chandler Note: Sacre, Candace	Witness is sworn.
5:01:51 PM	Chairman Chandler - witness Vaughan Note: Sacre, Candace	Examination. Name and address?
5:02:06 PM	Atty Glass AEP/Kentucky Power - witness Vaughan Note: Sacre, Candace	Direct Examination. Employer and position?
5:02:26 PM	Atty Glass AEP/Kentucky Power - witness Vaughan Note: Sacre, Candace	Cause be filed rebuttal and responses?
5:02:33 PM	Atty Glass AEP/Kentucky Power - witness Vaughan Note: Sacre, Candace	Corrections?
5:03:25 PM	Atty Glass AEP/Kentucky Power - witness Vaughan Note: Sacre, Candace	Other corrections?
5:03:28 PM	Atty Glass AEP/Kentucky Power - witness Vaughan Note: Sacre, Candace	Ask same questions, answers be same?
5:03:44 PM	Chairman Chandler Note: Sacre, Candace	Amendment Vaughan testimony filed? (Click on link for further comments.)
5:04:00 PM	Chairman Chandler Note: Sacre, Candace	Questions?
5:04:09 PM	Atty Goss LS Power - witness Vaughan Note: Sacre, Candace	Cross Examination. Haynes deferred to you on bridge PCA?
5:04:18 PM	Atty Goss LS Power - witness Vaughan Note: Sacre, Candace	Bridge PCA agreement filed in this case?
5:04:31 PM	Atty Goss LS Power - witness Vaughan Note: Sacre, Candace	When expect be negotiated and executed?
5:05:03 PM	Atty Goss LS Power - witness Vaughan Note: Sacre, Candace	Presented review by Commission this docket or another docket in some other fashion?
5:05:27 PM	Atty Goss LS Power - witness Vaughan Note: Sacre, Candace	Hearing concluded tonight, 10-14 days post-hearing data requests, briefing, end of April, beginning of May completed by then?
5:05:54 PM	Atty Goss LS Power - witness Vaughan Note: Sacre, Candace	Submitted in time for parties review and consider in briefing?
5:06:12 PM	Atty Goss LS Power - witness Vaughan Note: Sacre, Candace	When say next few weeks, four weeks, month?
5:06:34 PM	Atty Goss LS Power - witness Vaughan Note: Sacre, Candace	As currently stands, duration of bridge PCA going to be?
5:07:43 PM	Atty Goss LS Power - witness Vaughan Note: Sacre, Candace	Duration governed by trigger dates planning years or specific number of months or years continue in force?
5:08:21 PM	Chairman Chandler Note: Sacre, Candace	Questions?

5:08:31 PM Gen Counsel Vinsel PSC - witness Vaughan  
Note: Sacre, Candace Cross Examination. Read something from your rebuttal, line 2 and 3, Baron testimony about cost-shifting, reading (click on link for further comments), tell me why undisputable?

5:11:12 PM Gen Counsel Vinsel PSC - witness Vaughan  
Note: Sacre, Candace Case that system all tied together, all unified, each relies on other?

5:11:42 PM Gen Counsel Vinsel PSC - witness Vaughan  
Note: Sacre, Candace Post-hearing data requests, copy of projected and true-up PJM OATT filings for transmission revenue requirements H14 Kentucky and H20 Kentucky Transco, calendar years 2012-2020, in writing?

5:11:43 PM POST-HEARING DATA REQUEST  
Note: Sacre, Candace GEN COUNSEL VINSEL PSC - WITNESS VAUGHAN  
Note: Sacre, Candace PROJECTED AND TRUE-UP PJM OATT FILINGS TRANSMISSION REVENUE REQUIREMENTS H14 AND H20 IN WRITING FOR CALENDAR YEARS 2012-2020

5:12:33 PM Chairman Chandler  
Note: Sacre, Candace Questions?

5:12:38 PM Vice Chairman Cabbage - witness Vaughan  
Note: Sacre, Candace Examination. Bridge PCA, filed with FERC and provided for review, money flow from Liberty to AEP for services rendered?

5:13:13 PM Vice Chairman Cabbage - witness Vaughan  
Note: Sacre, Candace Ultimately paid by ratepayers of Kentucky Power?

5:13:52 PM Vice Chairman Cabbage - witness Vaughan  
Note: Sacre, Candace If filed with FERC and approved, Commission has no say over costs, be borne by Kentucky ratepayers?

5:15:12 PM Vice Chairman Cabbage - witness Vaughan  
Note: Sacre, Candace If all just about previously approved PJM tariffs, what there to negotiate?

5:16:21 PM Vice Chairman Cabbage - witness Vaughan  
Note: Sacre, Candace Right not just capacity cover loss of Rockport, also services attached to, or under transmission services agreement?

5:17:10 PM Vice Chairman Cabbage - witness Vaughan  
Note: Sacre, Candace Part was thinking about could be in this agreement, not sure, dispatch part of it?

5:18:27 PM Chairman Chandler  
Note: Sacre, Candace Recess five minutes.

5:18:53 PM Session Paused

5:29:03 PM Session Resumed

5:29:26 PM Chairman Chandler - witness Vaughan  
Note: Sacre, Candace Examination. Talking earlier how cost allocated on transmission system, remember response?

5:29:46 PM Chairman Chandler - witness Vaughan  
Note: Sacre, Candace What time frame referring to or specific agreement or process?

5:31:34 PM Chairman Chandler - witness Vaughan  
Note: Sacre, Candace Document pass out ask about, Order from June 3 1988 in Comm of Ky Court of Appeals 86-CA-1031-MR, turn to page 4, paragraph begins, the second major disagreement, reading (click on link for further comments), that setting up assume not transmission equalization before, agree?

5:34:37 PM Chairman Chandler - witness Vaughan  
Note: Sacre, Candace Transmission equalization where equalized costs paid by subsidiaries similar what AEP zone sees today?

5:35:47 PM Chairman Chandler - witness Vaughan  
Note: Sacre, Candace Agree equalization similar to blending of costs?

5:36:00 PM	Chairman Chandler - witness Vaughan Note: Sacre, Candace	What existed prior to change?
5:36:06 PM	Chairman Chandler - witness Vaughan Note: Sacre, Candace	A lot made of how system planned, there was change allocation of costs, aware of any information discuss what allocation was prior equalization agreement?
5:37:02 PM	Chairman Chandler Note: Sacre, Candace	Redirect?
5:37:19 PM	Chairman Chandler Note: Sacre, Candace	Enter Staff Exhibit 8.
5:37:31 PM	Chairman Chandler Note: Sacre, Candace	Objection?
5:37:58 PM	PSC STAFF EXHIBIT 8 Note: Sacre, Candace Note: Sacre, Candace	CHAIRMAN CHANDLER - WITNESS VAUGHAN COURT OF APPEALS NO. 86-CA-1031-MR JUNE 3 1988 KENTUCKY POWER COMPANY V. KENTUCKY PUBLIC SERVICE COMMISSION, ET AL
5:38:13 PM	Chairman Chandler Note: Sacre, Candace	Additional witnesses?
5:38:31 PM	Chairman Chandler Note: Sacre, Candace	Is that it for the case?
5:38:46 PM	Chairman Chandler Note: Sacre, Candace	Mr. Kurtz, witness?
5:39:17 PM	Atty Kurtz KIUC Note: Sacre, Candace	Stephen Baron.
5:40:03 PM	Chairman Chandler Note: Sacre, Candace	Witness sworn.
5:40:11 PM	Chairman Chandler - witness Baron Note: Sacre, Candace	Examination. Name and address?
5:40:29 PM	Atty Kurtz KIUC - witness Baron Note: Sacre, Candace	Direct Examination. Have in front of you direct testimony?
5:40:44 PM	Atty Kurtz KIUC - witness Baron Note: Sacre, Candace	Ask same questions, answers be same?
5:40:49 PM	Atty Kurtz KIUC - witness Baron Note: Sacre, Candace	Changes or corrections?
5:41:33 PM	Chairman Chandler Note: Sacre, Candace	Ms. Grundmann?
5:41:40 PM	Atty Grundmann Walmart - witness Baron Note: Sacre, Candace	Cross Examination. Table 2, page 35, initial testimony, believe transaction not be approved but if is calculated what believe be certain harm to ratepayers?
5:42:22 PM	Atty Grundmann Walmart - witness Baron Note: Sacre, Candace	Total calculation the 578 and is in millions?
5:42:31 PM	Atty Grundmann Walmart - witness Baron Note: Sacre, Candace	Proposed reductions ice storm regulatory asset, Rockport regulatory asset transmission cost, and then remaining amount \$400 million to return through credit to ratepayers?
5:43:00 PM	Atty Grundmann Walmart - witness Baron Note: Sacre, Candace	If Commission award some credit less than \$578 million, have any position on how should be allocated?
5:44:19 PM	Atty Grundmann Walmart - witness Baron Note: Sacre, Candace	If resulting credit amount something less than \$400 million, allocate in same form as propose in testimony?
5:44:52 PM	Atty Grundmann Walmart - witness Baron Note: Sacre, Candace	Allocating same percentage amounts to various classes?

5:45:28 PM	Chairman Chandler Note: Sacre, Candace	Questions?
5:45:50 PM	Atty Osterloh Liberty Utilities - witness Baron Note: Sacre, Candace	Cross Examination. Turn page 31 in testimony, line 6, see question?
5:46:12 PM	Atty Osterloh Liberty Utilities - witness Baron Note: Sacre, Candace	Issue concerned with potential reliance on renewable generation under Liberty ownership?
5:46:45 PM	Atty Osterloh Liberty Utilities - witness Baron Note: Sacre, Candace	Show you document mark as Liberty Cross 1.
5:47:36 PM	Chairman Chandler Note: Sacre, Candace	Asking cross examination as joint applicants? (Click on link for further comments.)
5:48:28 PM	Atty Blend AEP/Kentucky Power Note: Sacre, Candace	Situation participating jointly similar to AG and KIUC permitted to participate and cross each witness individually. (Click on link for further comments.)
5:48:56 PM	Chairman Chandler Note: Sacre, Candace	Not see as same thing, and here's why. (Click on link for further comments.)
5:54:27 PM	Chairman Chandler Note: Sacre, Candace	Mr. Osterloh?
5:54:35 PM	Atty Osterloh Liberty Utilities - witness Baron Note: Sacre, Candace	Cross Examination (cont'd). Question previously read, issue concerned with potential reliance on renewable generation under Liberty ownership?
5:55:45 PM	Atty Grundmann Walmart Note: Sacre, Candace	Having trouble hearing Baron.
5:56:19 PM	Atty Osterloh Liberty Utilities - witness Baron Note: Sacre, Candace	First page, can see this is the RBC capital markets, Global Energy, Power and Infrastructure Conference dated June 9, 2021?
5:56:33 PM	Atty Osterloh Liberty Utilities - witness Baron Note: Sacre, Candace	Page 35, agree AEP says net zero goal by 2050?
5:56:59 PM	Atty Osterloh Liberty Utilities - witness Baron Note: Sacre, Candace	Page 11, indicate AEP in its transforming its generation fleet expects coal decrease 48 percent, an increase of 47 percent hydro, wind, solar, and pumped?
5:57:34 PM	Atty Osterloh Liberty Utilities - witness Baron Note: Sacre, Candace	Page 12, right-hand side, 5,574 MW reduction in coal capacity 2020 planned?
5:57:57 PM	Atty Osterloh Liberty Utilities - witness Baron Note: Sacre, Candace	Page 13, first chart, top left, solar additions, see chart?
5:58:13 PM	Atty Osterloh Liberty Utilities - witness Baron Note: Sacre, Candace	Under column company, Kentucky Power, see that?
5:58:20 PM	Atty Osterloh Liberty Utilities - witness Baron Note: Sacre, Candace	Indicates from 2021 to 2030 total column AEP ownership plan for 450 MW, see that?
5:58:37 PM	Atty Osterloh Liberty Utilities - witness Baron Note: Sacre, Candace	Look down to next chart heading wind additions?
5:58:44 PM	Atty Osterloh Liberty Utilities - witness Baron Note: Sacre, Candace	On row for Kentucky Power, between 2021 and 2030, AEP projected for Kentucky Power 1,000 MW, see that?
5:58:57 PM	Atty Osterloh Liberty Utilities - witness Baron Note: Sacre, Candace	If add those two, the 1,000 and the 450, total generation projected for wind and solar of 1,450 MW, correct?

5:59:12 PM	Atty Osterloh Liberty Utilities Note: Sacre, Candace	Move for introduction Liberty Exhibit 1.
5:59:31 PM	Chairman Chandler Note: Sacre, Candace	Objection?
5:59:35 PM	Chairman Chandler Note: Sacre, Candace	Include in record as Liberty Exhibit 1.
5:59:36 PM	LIBERTY EXHIBIT 1 Note: Sacre, Candace Note: Sacre, Candace	ATTY OSTERLOH LIBERTY UTILITIES - WITNESS BARON RBC CAPITAL MARKETS GLOBAL ENERGY POWER & INFRASTRUCTURE CONFERENCE JUN 9 2021
5:59:52 PM	Chairman Chandler Note: Sacre, Candace	Mr. Garcia?
6:00:04 PM	Atty Garcia Santana AEP/Kentucky Power - witness Baron Note: Sacre, Candace	Cross Examination. Page 8 of testimony, agree transaction proposed is stock purchase transaction for regulated utility?
6:00:58 PM	Atty Garcia Santana AEP/Kentucky Power - witness Baron Note: Sacre, Candace	Transaction that is proposed in this proceeding is stock purchase agreement, so transaction for purchase of stock of regulated utility, in this case Kentucky Power?
6:01:13 PM	Atty Garcia Santana AEP/Kentucky Power - witness Baron Note: Sacre, Candace	Make reference page 8 REW transaction in footnote, correct?
6:01:26 PM	Atty Garcia Santana AEP/Kentucky Power - witness Baron Note: Sacre, Candace	Transaction for merger of parent of regulated utility?
6:01:49 PM	Atty Garcia Santana AEP/Kentucky Power - witness Baron Note: Sacre, Candace	Transaction with RWE akin to transaction by which AEP merged with CSW?
6:02:19 PM	Atty Garcia Santana AEP/Kentucky Power - witness Baron Note: Sacre, Candace	Your understanding emergent transactions like those between CSW and AEP and parents of regulated utility RWE case, after merger expectation synergies and savings resulting from merger?
6:03:00 PM	Atty Garcia Santana AEP/Kentucky Power - witness Baron Note: Sacre, Candace	Would agree cost of regulated utility not reflect those savings, in future necessary have a base rate case to reflect savings before passed on to customers?
6:03:22 PM	Atty Garcia Santana AEP/Kentucky Power - witness Baron Note: Sacre, Candace	If imbedded cost of service rates of regulated utility not reflect savings resulting from merger of parent, need to be mechanism as a later base rate case to reflect reduced cost of service flow to customers eventually?
6:04:07 PM	Atty Garcia Santana AEP/Kentucky Power - witness Baron Note: Sacre, Candace	Exhibit in testimony SJB-5, in second line, reference to AEP, AMPT (AEP)?
6:04:48 PM	Atty Garcia Santana AEP/Kentucky Power - witness Baron Note: Sacre, Candace	Know what AMPT stands for?
6:05:12 PM	Atty Garcia Santana AEP/Kentucky Power - witness Baron Note: Sacre, Candace	Generally, AMP may be reference to transmission assets in AEP zone not owned by an AEP affiliate?
6:05:32 PM	Atty Garcia Santana AEP/Kentucky Power - witness Baron Note: Sacre, Candace	Not your testimony, testimony is not relative weights of annual transmission revenue requirement in SJB-5 reflects voting power of members of the CTOA AC?
6:06:06 PM	Atty Garcia Santana AEP/Kentucky Power - witness Baron Note: Sacre, Candace	Question is whether testimony relative weights reflected in SJB-5 relative weights of voting power of members of CTOA AC?

6:06:39 PM	Atty Garcia Santana AEP/Kentucky Power - witness Baron Note: Sacre, Candace	What does CTOA AC stand for?
6:06:56 PM	Atty Garcia Santana AEP/Kentucky Power - witness Baron Note: Sacre, Candace	Agree relative voting power of members of CTOA not only determined by weighted value but also on a per capita basis?
6:07:17 PM	Atty Garcia Santana AEP/Kentucky Power - witness Baron Note: Sacre, Candace	Table on SJB-5 not reflect per capita voting at all?
6:07:34 PM	Atty Garcia Santana AEP/Kentucky Power - witness Baron Note: Sacre, Candace	This be annual transmission revenue requirements for specific year?
6:07:43 PM	Atty Garcia Santana AEP/Kentucky Power - witness Baron Note: Sacre, Candace	Not necessarily reflect net value of transmission assets owned in PJM, not be exact correlation between weighted voting power and relative transmission revenue requirement that changes from time to time?
6:08:32 PM	Atty Garcia Santana AEP/Kentucky Power - witness Baron Note: Sacre, Candace	For AEP and PT area, transmission revenue requirements, roughly 22 percent total reflected in this?
6:09:00 PM	Atty Garcia Santana AEP/Kentucky Power - witness Baron Note: Sacre, Candace	Agree in order to operate effect a change necessary to bring 205 at FERC request modification of CTOA to create stand-alone Kentucky Power zone, agree to obtain that 205 necessary have both two-third votes per capita basis and two-third vote on weighted average basis?
6:11:43 PM	Atty Garcia Santana AEP/Kentucky Power - witness Baron Note: Sacre, Candace	Actually not know whether effects outside AEP zone expiration of how costs allocated or whether be allowed different transactions other AEP zones, not know that today?
6:12:19 PM	Atty Garcia Santana AEP/Kentucky Power - witness Baron Note: Sacre, Candace	Agree that AEP if fully supported creation of AEP zone not cause CTOA AC make change to agreement and cause 205 petition?
6:12:53 PM	Atty Garcia Santana AEP/Kentucky Power - witness Baron Note: Sacre, Candace	If other members of CTOA AC opposed modification and bring 205 AEP could not cause that to occur unilaterally?
6:13:39 PM	Chairman Chandler Note: Sacre, Candace	Redirect?
6:13:41 PM	Atty Kurtz KIUC - witness Baron Note: Sacre, Candace	Redirect Examination. Grundmann asked if Commission were to order less than \$578 million, reprioritize how money flow, first \$75 million to transmission?
6:14:00 PM	Atty Kurtz KIUC - witness Baron Note: Sacre, Candace	To give AEP incentive, what you said?
6:14:05 PM	Atty Kurtz KIUC - witness Baron Note: Sacre, Candace	An incentive to do what?
6:15:00 PM	Chairman Chandler Note: Sacre, Candace	Call next witness?
6:15:05 PM	Atty Kurtz KIUC Note: Sacre, Candace	Lane Kollen.
6:15:24 PM	Chairman Chandler Note: Sacre, Candace	Witness is sworn.
6:15:32 PM	Chairman Chandler - witness Kollen Note: Sacre, Candace	Examination. Name and address?
6:16:05 PM	Atty Kurtz KIUC - witness Kollen Note: Sacre, Candace	Direct Examination. Have in front of you direct testimony exhibits?
6:16:11 PM	Atty Kurtz KIUC - witness Kollen Note: Sacre, Candace	Prepared by you?

6:16:15 PM	Atty Kurtz KIUC - witness Kollen Note: Sacre, Candace	Ask same questions, answers be same?
6:16:18 PM	Atty Kurtz KIUC - witness Kollen Note: Sacre, Candace	Corrections, additions?
6:16:20 PM	Atty Kurtz KIUC Note: Sacre, Candace	Ask questions rebuttal exhibit, response to Kollen AEP benefits analysis, AEP/Kentucky Power Exhibit 1. (Click on link for further comments.)
6:17:10 PM	Atty Kurtz KIUC - witness Kollen Note: Sacre, Candace	Have exhibit 1 in front of you?
6:17:15 PM	Atty Kurtz KIUC - witness Kollen Note: Sacre, Candace	Line 6, cash inflow of \$1.45 billion, see that?
6:17:25 PM	Atty Kurtz KIUC - witness Kollen Note: Sacre, Candace	After-tax cash value to AEP?
6:17:33 PM	Atty Kurtz KIUC - witness Kollen Note: Sacre, Candace	Relationship lines 7 and 8 to line 6?
6:17:49 PM	Atty Kurtz KIUC - witness Kollen Note: Sacre, Candace	Lines 7 and 8 already incorporated after-tax \$1.45 billion cash?
6:18:35 PM	Atty Kurtz KIUC - witness Kollen Note: Sacre, Candace	Cash value to AEP \$1.4-1.45 billion a better metric measure value transaction AEP than one-time accounting gain of \$40 million?
6:19:33 PM	Chairman Chandler Note: Sacre, Candace	Questions?
6:19:49 PM	Vice Chairman Cabbage - witness Kollen Note: Sacre, Candace	Examination. Last thing talking about, cash AEP unlocking real value here?
6:20:07 PM	Vice Chairman Cabbage - witness Kollen Note: Sacre, Candace	AEP argument some of value attributable to other affiliates, have response to that?
6:20:53 PM	Chairman Chandler Note: Sacre, Candace	Confidential exhibit, single line confidential? (Click on link for further comments.)
6:21:49 PM	Vice Chairman Cabbage - witness Kollen Note: Sacre, Candace	Without referring direct lines, can you tell me what talking about?
6:22:23 PM	Vice Chairman Cabbage - witness Kollen Note: Sacre, Candace	Value to AEP \$1.4 billion, Baron advocating some amount credit back, not advocating that \$1.4 billion not go to AEP?
6:24:28 PM	Vice Chairman Cabbage - witness Kollen Note: Sacre, Candace	Direct, pages 55 and 56, Liberty technical ability provide reasonable service need for transition services agreement, would theory here because Liberty needs transition agreement lacks technical ability run utility, preclude sale of subsidiary of company like AEP shared services and need transition?
6:26:46 PM	Vice Chairman Cabbage - witness Kollen Note: Sacre, Candace	Not believe existence of technical services agreement provides that they do?
6:27:35 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Cross Examination. Page 9, testimony, line 15, reading (click on link for further comments), is your testimony, correct?
6:29:28 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Consider KIUC and AG your clients or another term refer to by?



6:29:55 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Client position, offering testimony on behalf, if Commission decide approve transfer Kentucky Power from AEP to Liberty, Commission compensate Kentucky Power customers (click on link for further comments) from proposed transfer, fair characterization?

6:31:11 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Nugget there is notion of compensation for harm?

6:31:30 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Table on page 19, where break out quantification of harm flows from transaction or AEP past actions/inactions?

6:32:07 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Have far right-hand column harm calculated by AG and KIUC?

6:32:17 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Foots down to, if round off, \$578 million?

6:32:22 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Same \$578 million page 9 of testimony?

6:32:29 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace In heading of table, one of lines says subject to compensation from AEP and excluding incremental Liberty costs subject to conditions?

6:32:51 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Page 19, three buckets, look at bucket labeled II, reading (click on link for further comments)?

6:33:21 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace First line, increased costs additional capital investment?

6:33:30 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Second line, increased cost distribution maintenance expense until under-investment remedy?

6:33:58 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Both line items indicate deals with distribution capital or distribution maintenance expense?

6:34:17 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Joint Applicants Data Request 1-29, way \$203.6 million calculated first for Kentucky Power ten-year period distribution plant capital additions depreciation expense?

6:35:30 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace For same ten-year period, same metric for other three IOUs located in Kentucky and came up with average?

6:35:44 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace When compare two, conclude AEP under-invested in Kentucky Power distribution plant \$203.6 million?

6:36:06 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Kentucky Power distribution system, how many circuit miles of primary distribution system Kentucky Power?

6:36:26 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Aware of what ice and wind loading zone Kentucky Power service territory is National Electrical Safety Code Rule 250?

6:36:51 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Inspected?

6:36:53 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Inspected records?

6:36:58 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Kentucky Power when go out and inspect distribution system?

6:37:21 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace That's your testimony?

6:37:24 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Basis for testimony is what?
6:37:35 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Post-hearing data request ask furnish basis for conclusion?
6:37:36 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	ATTY OVERSTREET AEP/KENTUCKY POWER - WITNESS BARON BASIS FOR CONCLUSION AEP UNDER-INVESTED IN KENTUCKY POWER DISTRIBUTION PLANT
6:38:14 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Since 2015, Kentucky Power used for new and rebuilt distribution construction higher heavy loading standards?
6:38:32 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	What West testified to today?
6:38:41 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Higher than medium loading standard?
6:38:57 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Known each other long time, LK-1, CV and experience?
6:39:17 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	None of degrees listed there involve engineering?
6:39:25 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Not licensed any state electrical engineer?
6:39:31 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Or civil engineer?
6:39:34 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Or mechanical engineer?
6:39:39 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Not a chemical engineer?
6:39:48 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Not conducted inspection of Kentucky Power distribution system?
6:39:58 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	KIUC and AG not conducted such inspection?
6:40:10 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Referring LK-1, employed by utility engineering firm or contractor where duties involve planning, construction, operation, maintenance, repair, or storm restoration of existing electrical distribution system?
6:41:19 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Provide testimony in cases?
6:41:42 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Not engineering testimony?
6:42:02 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Other firms retained?
6:42:20 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Other firms did that work?
6:42:24 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	But other firms?
6:42:32 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	That actually did work?
6:43:09 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	You provided no engineering testimony?
6:43:13 PM	Asst Atty General Cook Note: Sacre, Candace	Objection, asked and answered.
6:43:18 PM	Chairman Chandler Note: Sacre, Candace	Not one that tendered witness. (Click on link for further comments.)

6:44:07 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Assume \$203.6 million additional capital invested Kentucky Power distribution system 2011 and 2020 invested in distribution assets, assume that?

6:44:40 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Agree that assumption Kentucky Power entitled return on and of \$203.6 million additional capital to extent invested capital included in test years base rate filings?

6:45:32 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Not present that in testimony?

6:45:55 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace That's the \$151 million?

6:46:16 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Not based on engineering determination?

6:46:52 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Understand say relationship?

6:47:00 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace What calculate, ratio between maintenance expense and customers?

6:47:40 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Looking at LK-1, appears testified on behalf KIUC in Kentucky Power 2005, 2009, 2014, 2017, and 2020 rate cases?

6:48:01 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Most recently, in 2020 rate case, other client AG, testified in their behalf?

6:48:16 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace In any of five rates cases, file testimony Kentucky Power was under-investing in distribution system?

6:48:51 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Tell me if wrong, in none of cases testify rates be increased support greater level of capital investment in distribution system?

6:49:19 PM Atty Overstreet AEP/Kentucky Power  
Note: Sacre, Candace Cross examination exhibit, distribute pertinent part, (click on link for further comments.)

6:51:49 PM Chairman Chandler  
Note: Sacre, Candace Mark this?

6:51:51 PM Atty Overstreet AEP/Kentucky Power  
Note: Sacre, Candace Mark it, believe will be, AEP/Kentucky Power Exhibit 2.

6:52:03 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Page 6, question line 13?

6:52:37 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace And read answer that follows?

6:53:07 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Question, why is the history of increases in customer rates relevant in this proceeding?

6:54:12 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Increases describing there involve rates this Commission found be fair, just, and reasonable?

6:54:25 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Rates, by law, required be fair, just, and reasonable?

6:54:35 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Discussing increased distribution maintenance expense, agreed was ratio between distribution maintenance expense and number of customers?

6:54:56 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Not be true that if Kentucky Power any one of ten years looked at spent same amount of money total distribution maintenance expense but more customers, per customer amount been less?
6:55:31 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	And that what shown on chart page 51 of testimony in this case?
6:56:04 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Then also true if Kentucky Power less total distribution maintenance expense because spent less/no money planned maintenance, per customer amount been lower?
6:56:44 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Page 51, compare Kentucky Power distribution maintenance expense over 10-year period per customer to other three IOUs in Kentucky?
6:56:57 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Those are LG&E, KU, Duke Kentucky?
6:57:04 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Not true this ratio compute for each IOU in Kentucky not take into account differences in terrain and topography among systems compared?
6:57:31 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Not take into consideration difference forestation among four systems?
6:57:45 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Not take into account customer density amount utility systems?
6:57:56 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Chart on page 51 not compare Kentucky Power per customer distribution maintenance expense to expense of co-ops such as Big Sandy RECC?
6:58:18 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Same thing for Licking Valley REC?
6:58:22 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	And Grayson REC?
6:58:24 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	And Jackson Energy Cooperative?
6:58:36 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Big Sandy, Licking Valley, Grayson, and Jackson either inside 20 counties where Kentucky Power system is or abuts it?
6:58:59 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Turn attention to page 53 testimony where talk about Feb 20 2021 ice storm deferral?
6:59:34 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Bottom of 53, asked why costs repair storm damages and restore service 2021 ice storm significant, responded additional evidence company chronic under-investment physical plant assets?
7:00:03 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	Know what percentage of \$42.5 million regulatory asset resulted damage caused by trees outside Kentucky Power right of way?
7:00:32 PM	Atty Overstreet AEP/Kentucky Power - witness Kollen Note: Sacre, Candace	True neither you nor two clients performed engineering study to determine portion of costs associated with \$42.5 million regulatory asset been avoided if Kentucky Power made \$203 million investment 2011-2020?

7:01:13 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Go back to table on page 19, discussed earlier two rows of costs under II?

7:01:40 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Agreed distribution capital related harms or distribution maintenance harms contend result?

7:02:02 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Total those two, \$354.5 million?

7:02:34 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Column on table page 19 harm calculated by AG and KIUC, none of numbers relate to Rockport deferral?

7:03:21 PM Atty Overstreet AEP/Kentucky Power  
Note: Sacre, Candace Circulate and mark as AEP/Kentucky Power Exhibit 3.

7:03:24 PM Chairman Chandler  
Note: Sacre, Candace Have marked as AEP/Kentucky Power Exhibit 3.

7:04:28 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Familiar with this?

7:04:36 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Subject to check, motion to intervene filed by KIUC?

7:04:55 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Page 2, paragraph 5, KIUC explaining special interest, see that?

7:05:13 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Indicates member of KIUC participate in hearing Catlettsburg Refining LLC, subsidiary of Marathon Petroleum, see that?

7:05:31 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Familiarly described Marathon?

7:05:37 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Paragraph 6, KIUC goes on to state, reading (click on link for further comments), agree?

7:05:53 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Agree with that?

7:06:05 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Goes on to say, reading (click on link for further comments), any reason disagree?

7:06:31 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Paragraph concludes, reading (click on link for further comments), fair statement?

7:06:49 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Manner in which large industrial customers take service is transmission voltages?

7:06:59 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Residential customers take service distribution voltages?

7:07:10 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Page 19 testimony, table, agree \$354.5 million of \$578 million total harm calculate equal 61.3 percent total harm?

7:07:52 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace As part of this proceeding and recommendations, testifying on behalf of KIUC and AG, recommended of the \$578 million be paid Kentucky Power or customers compensation claimed harm be used pay off Rockport deferral regulatory asset?

7:09:18 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace When will \$59 million go into rates?

7:09:49 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace 2017 rate case go into effect beginning day Rockport fixed cost payments no longer being made?

7:10:07 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace December this year, December 8?

7:10:13 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Know what percentage, if recommendation adopted and \$59 million pay off Rockport deferral regulatory asset, what part flow to customers like Marathon?

7:10:49 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Make that calculation post-hearing data request?

7:11:10 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Position of one of clients, the AG, in the hearing room yesterday when AG cross examining Swain?

7:11:37 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Remember colloquy between AG and Swain concerning fossil fuel plants in Kentucky?

7:11:57 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace When last coal-fired generating unit constructed in Commonwealth?

7:12:15 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace My belief also, since that date, how many coal-fired generating plants in Commonwealth been retired?

7:12:55 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Other utilities announced plans to retire plants?

7:13:02 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Inside Commonwealth?

7:13:55 PM Chairman Chandler  
Note: Sacre, Candace Like to mark AEP/Kentucky Power 4?

7:16:23 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace WFPL local public radio station Louisville, represent available on internet as of 6:48, Jan 21 2020 report, entitled Kentucky leads country in 2020 coal retirements, see?

7:17:01 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Describe two of the largest coal-fired power plant retirements in 2020 happening in Kentucky?

7:17:13 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace First one Paradise 3 unit near Drakesboro?

7:17:21 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Then Elmer Smith unit near Owensboro?

7:17:35 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace First two paragraphs of first highlighted sentence, read next two paragraphs?

7:18:27 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace All know Commission only speaks through orders, read next sentence?

7:19:14 PM Atty Overstreet AEP/Kentucky Power - witness Kollen  
Note: Sacre, Candace Read finally final highlighted sentence?

7:21:07 PM Atty Overstreet Kentucky Power  
Note: Sacre, Candace Move AEP/Kentucky Power 2, 3, and 4.

7:21:13 PM Chairman Chandler  
Note: Sacre, Candace Objection?

7:21:17 PM Chairman Chandler  
Note: Sacre, Candace AEP/Kentucky Power 2, 3, and 4 part of the record.

7:21:18 PM AEP/KENTUCKY POWER EXHIBIT 2  
Note: Sacre, Candace ATTY OVERSTREET AEP/KENTUCKY POWER - WITNESS KOLLEN  
Note: Sacre, Candace CASE NO. 2017-00179 DIRECT TESTIMONY AND EXHIBITS OF LANE KOLLEN ON BEHALF OF KIUC, INC., OCTOBER 2017

7:21:19 PM	AEP/KENTUCKY POWER EXHIBIT 3 Note: Sacre, Candace Note: Sacre, Candace	ATTY OVERSTREET AEP/KENTUCKY POWER - WITNESS KOLLEN CASE NO. 2021-00481 JAN 5 2022 MOTION TO INTERVENE OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.
7:21:20 PM	AEP/KENTUCKY POWER EXHIBIT 4 Note: Sacre, Candace Note: Sacre, Candace	ATTY OVERSTREET AEP/KENTUCKY POWER - WITNESS KOLLEN WORDS FOR THE PEOPLE JAN 21 2020 KENTUCKY LEADS THE COUNTRY IN 2020 COAL RETIREMENTS
7:21:35 PM	Atty Osterloh Liberty Utilities - witness Kollen Note: Sacre, Candace	Cross Examination. Referenced technical services agreement but believe referring to transition services agreement?
7:21:54 PM	Atty Osterloh Liberty Utilities - witness Kollen Note: Sacre, Candace	Referenced/presented document 2017 Kentucky Power rate case?
7:22:03 PM	Atty Osterloh Liberty Utilities - witness Kollen Note: Sacre, Candace	Sponsored testimony in case on behalf of KIUC?
7:22:10 PM	Atty Osterloh Liberty Utilities - witness Kollen Note: Sacre, Candace	Recall that case KIUC sponsored testimony related value industrial companies providing higher percentage spin-off jobs compared retail companies?
7:22:47 PM	Atty Kurtz KIUC - witness Kollen Note: Sacre, Candace	Redirect Examination. Recall cross Overstreet where \$353 million distribution harm proposal use part pay off Rockport regulatory asset deferral \$59 million?
7:23:24 PM	Atty Kurtz KIUC - witness Kollen Note: Sacre, Candace	Implication proposing use distribution harm in a way benefit transmission voltage customers, get that implication?
7:23:41 PM	Atty Kurtz KIUC - witness Kollen Note: Sacre, Candace	Rates not unbundled in Kentucky when no deregulation, not have distribution, transmission, and generation components?
7:23:51 PM	Atty Kurtz KIUC - witness Kollen Note: Sacre, Candace	Fully bundled rates?
7:23:59 PM	Atty Kurtz KIUC - witness Kollen Note: Sacre, Candace	Cost of service evidence, more Baron than you, understand rates of residential customers heavily subsidized Kentucky Power territory?
7:24:10 PM	Atty Kurtz KIUC - witness Kollen Note: Sacre, Candace	So that part of distribution costs serve residential customers paid by commercial/industrial customers?
7:24:50 PM	Chairman Chandler Note: Sacre, Candace	Recess until 7:35.
7:25:29 PM	Session Paused	
7:37:16 PM	Session Resumed	
7:37:40 PM	Chairman Chandler Note: Sacre, Candace	Back on the record in Case No. 2021-00481.
7:37:45 PM	Chairman Chandler Note: Sacre, Candace	Mr. Kurtz and Mr. West, everything? (Click on link for further comments.)
7:38:53 PM	Chairman Chandler Note: Sacre, Candace	Before move on, Kollen been presented, intend to recall witness? (Click on link for further comments.)
7:39:37 PM	Chairman Chandler Note: Sacre, Candace	Call witness?
7:39:39 PM	Atty Grundmann Walmart Note: Sacre, Candace	Lisa Perry.
7:39:46 PM	Chairman Chandler Note: Sacre, Candace	Witness is sworn.

7:39:54 PM Chairman Chandler - witness Perry  
Note: Sacre, Candace Examination. Name and address?

7:40:09 PM Atty Grundmann Walmart - witness Perry  
Note: Sacre, Candace Direct Examination. By whom employed, capacity?

7:40:19 PM Atty Grundmann Walmart - witness Perry  
Note: Sacre, Candace Cause be filed testimony and exhibit?

7:40:28 PM Atty Grundmann Walmart - witness Perry  
Note: Sacre, Candace Caused testimony be filed Feb 21 2022?

7:40:44 PM Atty Grundmann Walmart - witness Perry  
Note: Sacre, Candace Prepared by you, under your direction?

7:40:47 PM Atty Grundmann Walmart - witness Perry  
Note: Sacre, Candace Corrections, additions?

7:40:54 PM Atty Grundmann Walmart - witness Perry  
Note: Sacre, Candace Adopt as testimony?

7:41:12 PM Chairman Chandler - witness Perry  
Note: Sacre, Candace Questions?

7:41:34 PM Chairman Chandler - witness Perry  
Note: Sacre, Candace Examination. Aware current green offerings Kentucky Power?

7:41:53 PM Chairman Chandler - witness Perry  
Note: Sacre, Candace Part of testimony Kentucky Power ordered initiate process by which offerings take advantage of related renewable energy?

7:42:18 PM Chairman Chandler - witness Perry  
Note: Sacre, Candace Surprised find out Kentucky Power has offerings comply what Walmart requested?

7:43:08 PM Chairman Chandler - witness Perry  
Note: Sacre, Candace Walmart interested in tariff offering allows Walmart aggregate demand Kentucky Power territory and contract procure green energy Walmart behalf?

7:43:37 PM Chairman Chandler - witness Perry  
Note: Sacre, Candace Walmart had testimony asking for this, tariff offering allows purchase/retirement RECs on customer behalf, Option B says, reading (click on link for further comments), aware of current offerings at time of testimony?

7:45:01 PM Chairman Chandler - witness Perry  
Note: Sacre, Candace Two options REC program and sleeve?

7:45:14 PM Chairman Chandler - witness Perry  
Note: Sacre, Candace Walmart filed testimony, settlement agreement, tariff changed, given change made, why Walmart not taken advantage of that?

7:46:06 PM Chairman Chandler  
Note: Sacre, Candace Questions?

7:46:14 PM Atty Grundmann Walmart - witness Perry  
Note: Sacre, Candace Redirect Examination. Aware Walmart had ongoing conversations with AEP and Kentucky Power find potential renewable resources within territory?

7:46:33 PM Atty Grundmann Walmart - witness Perry  
Note: Sacre, Candace Aware been having those conversations?

7:46:43 PM Chairman Chandler  
Note: Sacre, Candace Anything else?

7:46:46 PM Chairman Chandler  
Note: Sacre, Candace Mr. Goss?

7:46:47 PM Atty Goss LS Power  
Note: Sacre, Candace Thomas Hoatson.

7:47:33 PM Chairman Chandler  
Note: Sacre, Candace Witness is sworn.



7:47:41 PM	Chairman Chandler - witness Hoatson Note: Sacre, Candace	Examination. Name and address?
7:47:55 PM	Atty Goss LS Power - witness Hoatson Note: Sacre, Candace	Direct Examination. By whom employed?
7:48:01 PM	Atty Goss LS Power - witness Hoatson Note: Sacre, Candace	What do for LS Power?
7:48:08 PM	Atty Goss LS Power - witness Hoatson Note: Sacre, Candace	Cause be filed testimony and responses?
7:48:15 PM	Atty Goss LS Power - witness Hoatson Note: Sacre, Candace	Revisions or amendments?
7:49:01 PM	Atty Goss LS Power - witness Hoatson Note: Sacre, Candace	Adopt testimony and responses, answers today be same as responses?
7:49:19 PM	Chairman Chandler Note: Sacre, Candace	Questions?
7:49:52 PM	Chairman Chandler Note: Sacre, Candace	Anything further, Mr. Goss?
7:50:00 PM	Chairman Chandler Note: Sacre, Candace	All the witnesses?
7:51:09 PM	Chairman Chandler Note: Sacre, Candace	Exhibits. (Click on link for further comments.)
7:53:19 PM	Chairman Chandler Note: Sacre, Candace	Statutory date May 4. (Click on link for further comments.)
7:54:00 PM	Chairman Chandler Note: Sacre, Candace	Post-hearing data requests. (Click on link for further comments.)
7:55:37 PM	Chairman Chandler Note: Sacre, Candace	Briefing schedule. (Click on link for further comments.)
7:58:02 PM	Chairman Chandler Note: Sacre, Candace	Bridge PCA amendment. (Click on link for further comments.)
8:05:44 PM	Chairman Chandler Note: Sacre, Candace	Anything else?
8:06:09 PM	Chairman Chandler Note: Sacre, Candace	Hearing adjourned.
8:06:22 PM	Session Ended	



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<b>Name:</b>	<b>Description:</b>
AEP/KENTUCKY POWER CONFIDENTIAL EXHIBIT 01	MOODY'S CREDIT OPINION 11 MAY 2021 AG FIRST ITEM 8 CONFIDENTIAL ATTACHMENT 1
AEP/KENTUCKY POWER EXHIBIT 01	RESPONSE TO KOLLEN AEP BENEFIT ANALYSIS
AEP/KENTUCKY POWER EXHIBIT 02	CASE NO. 2017-00179 DIRECT TESTIMONY AND EXHIBITS OF LANE KOLLEN ON BEHALF OF KIUC, INC. OCTOBER 2017
AEP/KENTUCKY POWER EXHIBIT 03	CASE NO. 2021-00481 JAN 5 2022 MOTION TO INTERVENE OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.
AEP/KENTUCKY POWER EXHIBIT 04	WORDS FOR THE PEOPLE JAN 21 2020 KENTUCKY LEADS THE COUNTRY IN 2020 COAL RETIREMENTS
KIUC CONFIDENTIAL EXHIBIT 01	PROJECT NICKEL AEP BOARD PRESENTATION OCT 19 2021
KIUC CROSS EXHIBIT 10	AEP REACHES AGREEMENT TO SELL KENTUCKY OPERATIONS OCT 26 2021
KIUC CROSS EXHIBIT 11	AEP'S USE OF \$1.4 BILLION OF CASH PROCEEDS FROM KENTUCKY SALE
LIBERTY EXHIBIT 01	RBC CAPITAL MARKETS GLOBAL ENERGY POWER & INFRASTRUCTURE CONFERENCE JUN 9 2021
PSC STAFF EXHIBIT 05	MITCHELL GENERATING PLANT PERFORMANCE DATA 2017-2021
PSC STAFF EXHIBIT 06	CASE NO. 2021-00004 ORDER
PSC STAFF EXHIBIT 07	CASE NO. 2021-00004 STAFF FOURTH ITEM 1 MAY 21 2021 KPSC 4_1 GARY O. SPITZNOGLE AND BRIAN D. SHERRICK
PSC STAFF EXHIBIT 08	COURT OF APPEALS NO. 86-CA-1031-MR JUNE 3 1988 KENTUCKY POWER COMPANY V KENTUCKY PUBLIC SERVICE COMMISSION, ET AL

AEP/KENTUCKY POWER CONFIDENTIAL  
EXHIBIT 1  
CONFIDENTIAL SESSION OF  
CASE NO. 2021-00481 FORMAL HEARING  
HELD ON  
MARCH 29, 2022

1.

**Response to Mr. Kollen’s “AEP Benefit” Analysis**

(estimated, rounded \$ millions)

1	Kollen’s Claimed “AEP Benefit”	\$585
2	Taxes Due	(\$450)
3	Working Capital/Capex/Transaction Costs	(\$70)
4	Update of Kollen’s Debt and Equity Assumptions	(\$25)
5	Estimated AEP Gain	\$40

2.

**Analysis of \$1.45 Billion Cash to Book Equity<sup>1</sup>**

(estimated, rounded \$ billions)

6	Cash In-Flow <sup>2</sup>	\$1.45
7	Intercompany Loan Repayment – KPCo to AEP	(\$0.18)
8	Taxes Paid by AEP Consolidated with Non-KPCo Tax Credits	(\$0.27)
9	Book Equity	\$1.00

<sup>1</sup>Total acquisition.

<sup>2</sup>After payment of ~\$0.20 billion of cash taxes.

**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) 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**

**DIRECT TESTIMONY**

**AND EXHIBITS**

**OF**

**LANE KOLLEN**

**ON BEHALF OF THE**

**KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.**

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

**OCTOBER 2017**

**AEP/KENTUCKY POWER EXHIBIT 2**

1           In addition to the issues shown on the preceding table, I address the effects of  
2 potential federal income tax rate reductions and recommend that the Commission  
3 direct the Company to defer any reductions in income tax expense until the savings  
4 can be reflected in rates.

5           The remainder of my testimony is structured to address each of the issues on  
6 the preceding table followed by the potential federal income tax rate reduction issue.  
7 The amounts that I cite throughout my testimony are Kentucky retail-jurisdictional  
8 (“jurisdictional”) unless otherwise indicated as “total Company.”

9  
10           **II. THE INCREASES IN THIS PROCEEDING WILL COMPOUND THE**  
11           **NEGATIVE EFFECTS OF PRIOR SIGNIFICANT INCREASES IN CUSTOMER**  
12           **RATES**  
13

14 **Q. Please describe the significant increases in customer rates over the last ten**  
15 **years.**

16 A. The Company’s rates have increased significantly compared to the rates that were in  
17 effect ten and fifteen years ago. The Company’s rates have increased an average of  
18 71% over the last ten years and 141% over the last fifteen years. These rates include  
19 all forms of rate recovery, including base rates and all riders, such as the FAC and  
20 the ES, among others. And more rate increases are likely. The Company estimates  
21 that its transmission costs alone will increase from \$74 million in the test year to  
22 \$130.9 million in 2022, an increase of \$56.9 million or 77%.

23  
24 **Q. Would the increases in rates that you cite have been greater but for the actions**  
25 **of KIUC?**

1 A. Yes. KIUC has saved *all* customers, not only industrial customers, hundreds of  
2 millions of dollars through its participation in rate and certification proceedings, all  
3 at its own expense. In a recent proceeding, KIUC identified errors in Kentucky  
4 Power Company's calculation of the FAC whereby it allocated excessive fuel costs  
5 to retail customers that should have been allocated to off-system sales.<sup>4</sup> In that  
6 proceeding, KIUC's actions saved *all* customers tens of millions of dollars, both  
7 through FAC refunds and lower FAC recoveries going forward. In another recent  
8 proceeding, KIUC opposed the Company's proposed uneconomic purchased power  
9 contract with ecoPower and the associated rate recovery.<sup>5</sup> That case was ultimately  
10 resolved by the Kentucky Court of Appeals. KIUC's actions saved *all* customers  
11 approximately \$700 million over the 20 year term of the proposed ecoPower PPA.

12  
13 **Q. Why is the history of increases in customer rates relevant in this proceeding?**

14 A. The history of increases provides a context for the review of the Company's requests  
15 in this proceeding for several reasons. First, the magnitude of the cumulative rate  
16 increases harmed residential, business, and government customers, and contributed  
17 to the continuing loss of load experienced by the Company. The rate increases and  
18 other relief sought in this proceeding will compound the harm from the prior  
19 increases and, in turn, will cause greater rate increases in the future even as the  
20 Company's load continues to shrink. Rate increases negatively affect the viability  
21 and competitiveness of businesses in local, regional, national, and international  
22 markets, which is contrary to the Company's economic development efforts.

---

<sup>4</sup> KPSC Case No. 2014-00225.

<sup>5</sup> KPSC Case No. 2013-00144.

1           Second, the magnitude of the cumulative rate increases should lead the  
2 Company to search for *greater efficiencies* and implement *cost reductions*, rather  
3 than allowing increases or intentionally driving costs upward year after year. The  
4 Commission has the ability to influence the Company's behavior in this respect  
5 through the ratemaking process and to ensure that rates reflect the least reasonable  
6 cost to serve the retail customer load.

7           Third, the Company's history of increases and the negative effects, including  
8 the loss of load, in its service territory should lead the Commission to search for  
9 opportunities to mitigate the increases sought in this proceeding. These  
10 opportunities, include, but are not limited to, minimizing the rate increases in this  
11 proceeding through various ratemaking adjustments, such as temporary deferrals of  
12 costs that can be recovered by the Company through savings after the costs no longer  
13 are incurred, and rejecting the Company's proposed modifications to the FAC and  
14 PPA surcharge mechanisms, both of which will result in future automatic and  
15 significant rate increases with no further authorization by the Commission.

16  
17                               **III. OPERATING INCOME ISSUES**  
18

19       **Defer \$20.3 Million Rockport 2 Lease Expense**  
20

21       **Q.     Please describe the Rockport Unit Power Agreement ("UPA") and the related**  
22               **purchased power expense.**

23       A.     Kentucky Power purchases 15% of the capacity of and energy generated by the  
24               Rockport 1 and 2 units. Rockport 1 is owned 50% each by AEP affiliates Indiana



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

In The Matter Of: :  
: :  
ELECTRONIC JOINT APPLICATION OF AMERICAN : **Case No 2021-00481**  
ELECTRIC POWER COMPANY, INC., KENTUCKY POWER :  
COMPANY AND LIBERTY UTILITIES CO. FOR APPROVAL :  
OF THE TRANSFER OF OWNERSHIP AND CONTROL OF :  
KENTUCKY POWER COMPANY :

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**MOTION TO INTERVENE OF  
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.**

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Pursuant to 807 KAR 5:001, Section 4(11), KRS 278.310, and KRS 278.040(2), Kentucky Industrial Utility Customers, Inc. (“KIUC”) requests that it be granted full intervenor status in the above-captioned proceeding(s) and states in support thereof as follows:

1. 807 KAR 5:001, Section 4(11)(a)(1) requires that a person requesting leave to intervene as a party to a case before the Kentucky Public Service Commission (“Commission”), by timely motion, must state his or her interest in the case and how intervention is likely to present issues or develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings.
2. 807 KAR 5:001, Section 4(11)(b) provides that the Commission shall grant a person leave to intervene if the Commission finds that he or she has made a timely motion for intervention and that he or she has a special interest in the case that is not otherwise adequately represented or that his or her intervention is likely to present issues or to develop facts that assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings.

3. KIUC is an association of the largest electric and gas public utility customers in Kentucky. The purpose of KIUC is to represent the industrial viewpoint on energy and utility issues before this Commission and before all other appropriate governmental bodies. The attorneys for KIUC authorized to represent them in this proceeding and to take service of all documents are:

Michael L. Kurtz, Esq.  
Kurt J. Boehm, Esq.  
Jody Kyler Cohn, Esq.  
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4. KIUC filed a timely motion to intervene in this proceeding.

5. KIUC has a special interest in this case. Several member(s) of KIUC are served by Kentucky Power Company (“Kentucky Power” or “Company”). The member(s) of KIUC who will participate herein are: Catlettsburg Refining LLC, a subsidiary of Marathon Petroleum LP.<sup>1</sup>

6. KIUC’s special interest cannot be adequately represented by any existing party. While the Kentucky Attorney General’s Office of Rate Intervention is statutorily charged with representing the interests of “consumers” pursuant to KRS 367.150(8), that duty relates primarily to residential customers. In contrast, KIUC’s interest is exclusively related to large industrial customers, who take service on different rate schedules than residential customers.

---

<sup>1</sup> KIUC will supplement the names of additional KIUC member intervenors, if necessary.

7. The transfer of control and ownership at issue in this proceeding would represent a fundamental change for Kentucky Power's existing customers, potentially impacting the future of the Mitchell plant, the replacement capacity for the Rockport Unit Power Agreement that expires on December 8, 2022, and the entire resource mix used to serve retail customers in Kentucky Power's service territory. Kentucky Power's cost structure will also fundamentally change as a result of the proposed transfer of control, including the termination of multiple AEP systemwide cost sharing agreements.

8. KIUC member Marathon represents over 20% of Kentucky Power's retail energy sales. Consequently, the Commission's ultimate decisions on these issues will substantially impact Marathon's electric costs and the competitiveness of its Kentucky refinery among the thirteen Marathon refineries in the U.S. Further, KIUC is already participating or has participated in several Kentucky Power matters on behalf of Marathon, including the Kentucky Power Investigation (Case No. 2021-00370), the CCR/ELG Certificate of Public Convenience and Necessity case (Case No. 2021-00004), the Mitchell Operating Agreements case (2021-00421), the Kentucky Power IRP (Case No. 2019-00443) and the Company's most recent base rate case (2020-00174).

9. KIUC's intervention is likely to present issues or develop facts that will assist the Commission in fully considering the matters at hand. KIUC has participated in ratemaking matters before this Commission since 1978 and was formally incorporated in 1983. Over the past 30 years alone, KIUC has intervened in nearly one hundred cases addressing electric rate and service issues. In these proceedings, KIUC currently expects to conduct discovery, file expert testimony (probably joint testimony with the Attorney General) and actively participate at the evidentiary hearing. Hence, KIUC will be a helpful and active participant should its request to intervene be granted.

10. KIUC intends to play a constructive role in the Commission's decision-making process.

11. KIUC's intervention will not unduly complicate or disrupt the proceedings.

**WHEREFORE**, KIUC requests that it be granted full intervenor status in the above-captioned proceeding.

Respectfully submitted,

/s/ Michael L. Kurtz

Michael L. Kurtz, Esq.

Kurt J. Boehm, Esq.

Jody Kyler Cohn, Esq.

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**COUNSEL FOR KENTUCKY INDUSTRIAL  
UTILITY CUSTOMERS, INC.**

January 5, 2022

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# Kentucky Leads The Country In 2020 Coal Retirements

By Ryan Van Velzer (<https://wfpl.org/author/rvanvelzer/>)

ENVIRONMENT (<https://wfpl.org/category/environment/>) January 21, 2020

Two of the largest coal-fired power plant retirements in the U.S. in 2020 are happening in Kentucky.

The Tennessee Valley Authority's Paradise Unit 3 near Drakesboro is scheduled to shutter this December while Owensboro's Elmer Smith Generating Station will cease operations in June.

These older, more inefficient power plants are the latest to be priced out of the market, and are now trudging toward the elephant graveyard of legacy coal-fired plants in the Ohio Valley.

Together, power generation from the two plants represents more than a quarter of the total coal-fired capacity set to retire this year, based on an analysis using [U.S. Energy Information Administration data \(https://www.eia.gov/todayinenergy/detail.php?id=42495\)](https://www.eia.gov/todayinenergy/detail.php?id=42495).

"Basically what you hear from the experts in the field is there is not going to be another coal plant built in Kentucky or anywhere else, probably... forever," said Andrew Melnykovich, spokesman for Kentucky Public Service Commission, the state's utility regulator.

Sales of electricity in Kentucky have declined over the last decade, mostly due to a loss in large industrial customers, and future increases are expected to be offset as people use less energy overall due to energy efficiency improvements (LED lightbulbs, Energy Star appliances etc.), according to EIA data.

So new power generation is likely to come online as older plants retire and as customers begin demanding cleaner sources of energy.

"You're starting to see customers, you know big commercial and industrial customers, who are saying 'OK, we're in your service territory but we want renewable power,'" Melnykovich said.

## The Future of Coal And Natural Gas

Coal power has long been a staple of the Ohio Valley. The Appalachian Basin provided the coal and the Ohio River supplied the water. Together, they've spun the steam turbines that have powered an era's worth of industry.

But for the most part, the efficiency of legacy plants are locked into the time they were built.

"There's also a certain point where coal-fired units tend to reach the end of their viability, as far as their age, and it doesn't make sense to invest more money into units," said Scott Brooks, TVA spokesman, about the Paradise Fossil Plant.

To look at it another way, it can take a legacy coal plant 24 hours to begin generating power while a combined cycle natural gas plant goes from 0 to 100 within minutes.

TVA's Paradise Fossil Plant is one such example. Unit 3 just doesn't have the flexibility to power up when the extra energy capacity is needed, and it's not worth investing in, Brooks said. The utility has already made up for the coal plant's power generation by the addition of a 1,025 megawatt combined cycle gas plant that TVA built in 2017 at the same site.

Across the state, most of the coal generation that's retired has been replaced by natural gas.

## AEP/KENTUCKY POWER EXHIBIT 4

In 2008, 94 percent of Kentucky's electricity came from coal. Today, that's closer to about 75 percent, according to EIA data. Meanwhile, the use of natural gas for power generation has exploded, from about 1 percent to 18 percent of the state's energy mix from 2008 to 2018.

But that doesn't necessarily mean coal's days are numbered either. Minus the two plants retiring this year, there are still 12 coal-fired power plants in Kentucky and utilities are incentivized to get a healthy return on their investments before putting them out to pasture.

Louisville Gas and Electric for example, has said its four coal-fired power plants have remaining lifespans of about 30 years.

Last summer, the former head of Kentucky's Energy and Environment Cabinet [predicted that coal plant retirements would slow](https://wfpl.org/kentucky-lawmakers-consider-alternatives-to-help-ailing-coal-industry/) in the coming years.

"Coal-fired plants that exist in Kentucky are fairly modern vintage so I think we should level out and not have many future retirements for many years in Kentucky," said former Energy and Environment Cabinet Secretary Charles Snavelly.

The longer those coal and natural gas power plants operate, the more carbon is released into the atmosphere, the bigger risk we take. The consensus of the scientific community is that humans must reduce carbon emissions as quickly as possible in order to avoid the worst impacts of climate change.

## Solar Picking Up Steam In Kentucky

Growth in new solar and wind energy generation is expected to outpace natural gas this year across the country, but not in Kentucky.

No new large-scale solar projects are expected to come online this year, according to the EIA, but the pace is expected to pick up in the coming years. A company called BayWa r.e. Solar Projects is planning an 80 megawatts solar field in Harrison County for 2021, according to the EIA.

Following the [closure of the Elmer Smith Station](https://wfpl.org/market-forces-drive-another-kentucky-coal-power-plant-to-retire/), Owensboro will continue to purchase coal power from Big Rivers through 2026, but it's also approved a separate agreement to purchase 32 megawatts of solar power from an array in Western Kentucky that's set to open in 2022.

Meanwhile, Henderson, Kentucky, [has been reviewing more than two dozen proposals](https://wfpl.org/western-kentucky-city-reviewing-plans-for-solar-project/) to energize its city with up to 150 megawatts of solar power. The city's utility manager hopes to award a contract early this year and complete construction by 2023.

Kentucky's Public Service Commission has also seen more interest in utility-scale solar.

"I think there is likelihood that we will see some fairly substantial solar projects coming to the state in the next five years or so," said Melnykovich, with the Public Service Commission.

Melnykovich thinks much of that solar will be built by business owners competing with utilities in regional energy markets.

[The future of distributed solar](https://wfpl.org/the-future-of-kentucky-solar-takes-shape-next-year/), also known as rooftop solar, largely depends upon how the Public Service Commission decides to value net metering credits in utility-filed rate cases that can begin going before the commission this year.

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Ryan Van Velzer is WFPL's Energy and Environment Reporter.

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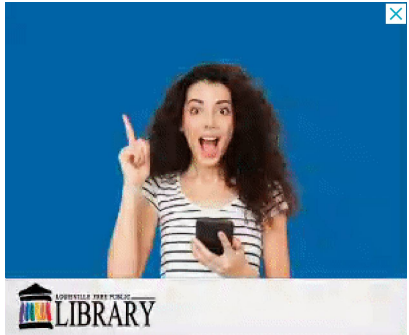
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KIUC CONFIDENTIAL  
EXHIBIT 1  
CONFIDENTIAL SESSION OF  
CASE NO. 2021-00481 FORMAL HEARING  
HELD ON  
MARCH 29, 2022

# AEP REACHES AGREEMENT TO SELL KENTUCKY OPERATIONS

October 26, 2022



2

## “Safe Harbor” Statement Under the Private Securities Litigation Reform Act of 1995

This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Although AEP and each of its Registrant Subsidiaries believe that their expectations are based on reasonable assumptions, any such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Among the factors that could cause actual results to differ materially from those in the forward-looking statements are: changes in economic conditions, electric market demand and demographic patterns in AEP service territories, the impact of pandemics, including COVID-19, and any associated disruption of AEP's business operations due to impacts on economic or market conditions, costs of compliance with vaccination or testing mandates to AEP, electricity usage, employees including employee unwillingness to comply with potential vaccination mandates, customers, service providers, vendors and suppliers, inflationary or deflationary interest rate trends, volatility in the financial markets, particularly developments affecting the availability or cost of capital to finance new capital projects and refinance existing debt, the availability and cost of funds to finance working capital and capital needs, particularly during periods when the time lag between incurring costs and recovery is long and the costs are material, decreased demand for electricity, weather conditions, including storms and drought conditions, and the ability to recover significant storm restoration costs, the cost of fuel and its transportation, the creditworthiness and performance of fuel suppliers and transporters and the cost of storing and disposing of used fuel, including coal ash and spent nuclear fuel, the availability of fuel and necessary generation capacity and performance of generation plants, the ability to recover fuel and other energy costs through regulated or competitive electric rates, the ability to build or acquire renewable generation, transmission lines and facilities (including the ability to obtain any necessary regulatory approvals and permits) when needed at acceptable prices and terms, including favorable tax treatment, and to recover those costs, new legislation, litigation and government regulation, including changes to tax laws and regulations, oversight of nuclear generation, energy commodity trading and new or heightened requirements for reduced emissions of sulfur, nitrogen, mercury, carbon, soot or particulate matter and other substances that could impact the continued operation, cost recovery and/or profitability of generation plants and related assets, evolving public perception of the risks associated with fuels used before, during and after the generation of electricity, including coal ash and nuclear fuel, timing and resolution of pending and future rate cases, negotiations and other regulatory decisions, including rate or other recovery of new investments in generation, distribution and transmission service and environmental compliance, resolution of litigation, the ability to constrain operation and maintenance costs, prices and demand for power generated and sold at wholesale, changes in technology, particularly with respect to energy storage and new, developing, alternative or distributed sources of generation, the ability to recover through rates any remaining unrecovered investment in generation units that may be retired before the end of their previously projected useful lives, volatility and changes in markets for coal and other energy-related commodities, particularly changes in the price of natural gas, changes in utility regulation and the allocation of costs within regional transmission organizations, including ERCOT, PJM and SPP, changes in the creditworthiness of the counterparties with contractual arrangements, including participants in the energy trading market, actions of rating agencies, including changes in the ratings of debt, the impact of volatility in the capital markets on the value of the investments held by the pension, other postretirement benefit plans, captive insurance entity and nuclear decommissioning trust and the impact of such volatility on future funding requirements, accounting standards periodically issued by accounting standard-setting bodies, and other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes, naturally occurring and human-caused fires, cyber security threats and other catastrophic events, the ability to attract and retain requisite work force and key personnel.

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twscott@aep.com

# Transaction Overview

<p><b>Transaction Description</b></p>	<ul style="list-style-type: none"> <li>▪ Sale of 100% of stock of Kentucky Power Company and AEP Kentucky Transco</li> <li>▪ Buyer: Liberty Utilities Co., a wholly owned subsidiary of Algonquin Power &amp; Utilities Corp.</li> </ul>
<p><b>Kentucky Operations</b></p>	<ul style="list-style-type: none"> <li>▪ Approximately 165,000 customers</li> <li>▪ Approximately 10,000 distribution and 1,200 transmission miles</li> <li>▪ 1,075 MW of owned generation             <ul style="list-style-type: none"> <li>▪ Big Sandy Unit 1: 295 MW natural gas fired plant</li> <li>▪ Mitchell: 780 MW coal fired plant (a 50% undivided interest in the 1,560 MW plant)</li> </ul> </li> </ul>
<p><b>Transaction Value</b></p>	<ul style="list-style-type: none"> <li>▪ \$2.846 billion enterprise value including estimated debt at closing to be approximately \$1.3 billion (subject to true up), leading to an equity value of \$1.5 billion</li> <li>▪ AEP expects the sale to have an immaterial, one-time impact to after-tax book earnings</li> <li>▪ Sale is \$0.01-\$0.02 accretive in 2022 to ongoing earnings</li> <li>▪ \$1.45 billion approximate cash proceeds after tax and transaction costs utilized to eliminate 2022 forecasted equity needs of \$1.4 billion</li> </ul>
<p><b>Transaction Timing</b></p>	<ul style="list-style-type: none"> <li>▪ Expected to close in the second quarter of 2022</li> <li>▪ Regulatory approvals include FERC (180 days), Kentucky PSC (120 days), federal clearance pursuant to the Hart-Scott-Rodino Anti-Trust Improvements Act of 1976 (30-60 days) and clearance from the Committee on Foreign Investment in the United States (90-120 days)</li> </ul>

Strengthens AEP's ability to advance our clean energy transformation

**Section 1: 10-K (10-K)**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2021**

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Registrants:

Address and Telephone Number

States of Incorporation

I.R.S. Employer  
Identification Nos.

Commission File Number	Registrant	Address and Telephone Number	States of Incorporation	I.R.S. Employer Identification Nos.
1-4525	AMERICAN ELECTRIC POWER CO INC		New York	13-4922640
333-221643	AEP TEXAS INC		Delaware	51-0007707
333-217143	AEP TRANSMISSION COMPANY, LLC		Delaware	46-1125168
1-3457	APPALACHIAN POWER COMPANY		Virginia	54-0124790
1-3570	INDIANA MICHIGAN POWER COMPANY		Indiana	35-0410455
1-6543	OHIO POWER COMPANY		Ohio	31-4271000
0-343	PUBLIC SERVICE COMPANY OF OKLAHOMA		Oklahoma	73-0410895
1-3146	SOUTHWESTERN ELECTRIC POWER COMPANY		Delaware	72-0323455
	1 Riverside Plaza, Telephone (614) 716-1000	Ohio 43215-2373		

**Securities registered pursuant to Section 12(b) of the Act:**

Registrant	Title of each class	Trading Symbol	Name of Each Exchange on Which Registered
American Electric Power Company Inc	Common Stock, \$6.50 par value	AEP	The NASDAQ Stock Market LLC
American Electric Power Company Inc	6.125% Corporate Units	AEPPL	The NASDAQ Stock Market LLC

## ASSETS AND LIABILITIES HELD FOR SALE

### 2021

#### *Disposition of KPCo and KTCo (Vertically Integrated Utilities and AEP Transmission Holdco Segments) (Applies to AEP and AEPPTCo)*

In October 2021, AEP entered into a Stock Purchase Agreement to sell KPCo and KTCo to Liberty Utilities Co., a subsidiary of Algonquin Power & Utilities Corp. (Liberty), for approximately a \$2.85 billion enterprise value. The sale is subject to regulatory approvals from the FERC and KPSC. Clearance under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and clearance from the Committee on Foreign Investment in the United States has been received.

KPCo currently operates and owns a 50% interest in the 1,560 MW coal-fired Mitchell Power Plant (Mitchell Plant) with the remaining 50% owned by WPCo. The Stock Purchase Agreement is further contingent upon the issuance by the KPSC, WVPSC and FERC of orders regarding a new proposed Mitchell Plant Operations and Maintenance Agreement and Mitchell Plant Ownership Agreement between KPCo and WPCo pursuant to which WPCo would replace KPCo as the operator of the Mitchell Plant and KPCo employees at the Mitchell Plant would become employees of WPCo. Under the proposed Ownership Agreement, WPCo is obligated to purchase KPCo's 50% interest in the Mitchell Plant on December 31, 2028 unless KPCo and WPCo have agreed to retire the Mitchell Plant earlier or, absent such agreement, if WPCo elects prior to December 31, 2027 to retire the Mitchell Plant on December 31, 2028. The Ownership Agreement provides that the purchase price for KPCo's 50% ownership interest in the Mitchell Plant will be determined through the mutual agreement of WPCo and KPCo (subject to approval from the KPSC and WVPSC) or through a fair market valuation determination conducted by independent appraisals, with offsets for estimated decommissioning costs and the cost of ELG investments made by WPCo, if KPCo and WPCo are unable to reach agreement as to the purchase price.

In November 2021, AEP made filings with the KPSC, WVPSC, and FERC seeking approval of the new proposed Mitchell Plant Operations and Maintenance Agreement and Mitchell Plant Ownership Agreement. Subsequently, the KPSC and WVPSC intervened in the FERC proceeding and have recommended that FERC dismiss or reject AEP's request, or defer ruling on AEP's request until both the retail commissions have rendered decisions. In February 2022, AEP filed a motion to withdraw its filing with the FERC, noting that AEP intends to re-file its request after the KPSC and WVPSC have reviewed the agreements. In the WVPSC proceeding, intervenor testimony is expected in March 2022 and a hearing is scheduled to occur in April 2022.

In December 2022, Liberty, KPCo and KTCo sought approval from the FERC under Section 203 of the Federal Power Act for the sale. In February 2022 several intervenors in the case filed protests related to whether the sale will negatively impact the wholesale transmission and generation rates of applicants. An order from the FERC is expected in the matter in April 2022.

In January 2022, intervenor testimony was filed with the KPSC, recommending the KPSC either reject the new proposed Mitchell Plant Ownership Agreement or approve the agreement with certain modifications including a revision to the buyout provision that would set WPCo's Mitchell Plant purchase price at the greater of fair market value or net book value. The intervenor testimony also recommends the KPSC reject the proposed Mitchell Plant Operations and Maintenance Agreement, which the testimony stated should be modified to remove references to the Mitchell Plant Ownership Agreement. In February 2022, AEP filed rebuttal testimony with the KPSC opposing the intervenor testimony filed in January 2022. AEP's rebuttal testimony also discusses an alternative proposal to the fair market value provision included in the proposed Mitchell Plant Ownership Agreement. Under the alternative proposal, KPCo's and WPCo's interest in the Mitchell Plant would be divided by unit if the plant is not retired before the end of 2028 and a mutual agreement cannot be reached on a buyout price. Under the alternative proposal, mutual agreement on the buyout price or unit disposition would need to be finalized by May 2025, with a division of plant ownership by unit effective January 1, 2029, unless otherwise agreed. A hearing on the Mitchell Plant agreements is scheduled with the KPSC in March 2022.

292

In January 2022, KPCo and Liberty filed a joint application requesting the KPSC authorize the transfer of ownership of KPCo to Liberty. In February 2022, certain intervenors filed testimony recommending that the KPSC not approve the transfer of ownership. If, however, the KPSC does approve the transfer, these intervenors recommend that the KPSC require AEP to compensate KPCo customers \$578 million for alleged future increased costs and higher rates that the intervenors claim will exist under Liberty's ownership. AEP disagrees with the recommendation and will file rebuttal testimony in March 2022. Intervenors also recommended imposing certain conditions on Liberty, including conditions related to recovering certain costs, inter-company agreement filing requirements, KPCo's capital structure and future generation resource planning processes and analyses. In addition, certain intervenors argue that the commission should not approve the new proposed Mitchell Plant Ownership Agreement and Mitchell Plant Operations and Maintenance Agreement, and that deciding the request to transfer ownership of KPCo should be separated from approval of the Mitchell agreements even though such approval is a condition to the transaction closing. AEP also disagrees with this argument. A hearing is scheduled with the KPSC in March 2022 and a final order is expected in the second quarter of 2022.

The sale is expected to close in the second quarter of 2022 with Liberty acquiring the assets and assuming the liabilities of KPCo and KTCo, excluding pension and other post-retirement benefit plan assets and liabilities. AEP expects to provide customary transition services to Liberty for a period of time after closing of the transaction.

AEP expects to receive approximately \$1.45 billion in cash, net of taxes and transaction fees. AEP plans to use the proceeds to eliminate forecasted equity needs in 2022 as the company invests in regulated renewables, transmission and other projects. AEP and AEPPTCo expect the sale to have a one-time impact on after tax earnings that is not material.

The income Before Income Tax Expense (Benefit) and Equity Earnings of KPCo and KTCo were not material to AEP and AEPPTCo for the years ended December 31, 2021, 2020 and 2019, respectively.

# American Electric Power Company, Inc.

## NasdaqGS:AEP

### FQ3 2021 Earnings Call Transcripts

Thursday, **October 28, 2021** 1:00 PM GMT

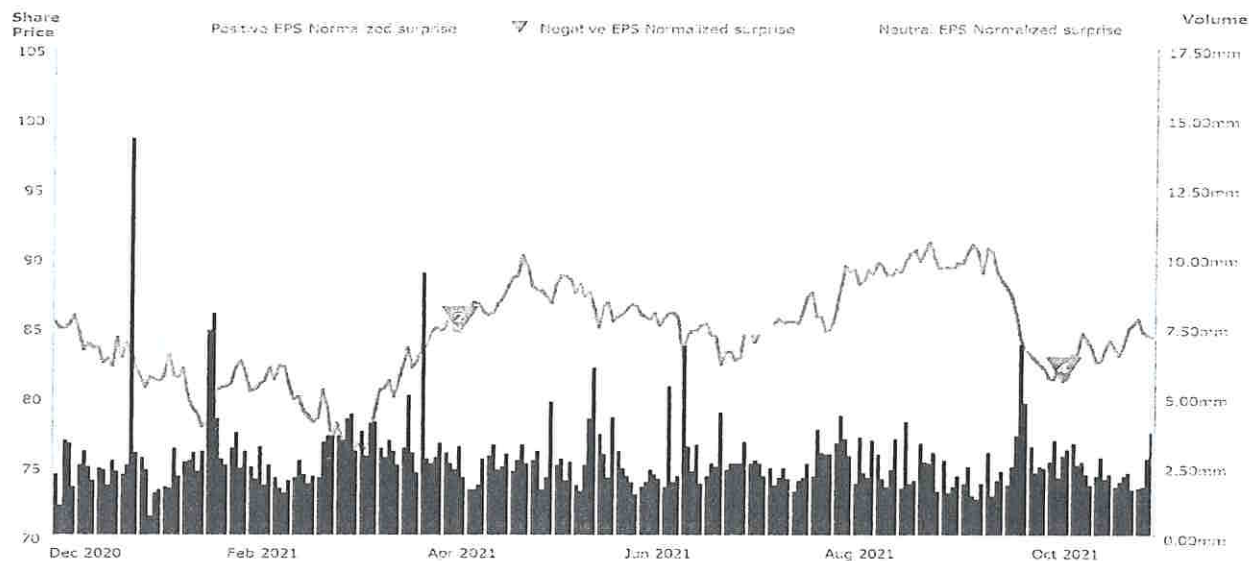
S&P Global Market Intelligence Estimates

		-FQ3 2021-			-FQ4 2021-	-FY 2021-	-FY 2022-
	CONSENSUS	ACTUAL	SURPRISE		CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	1.46	1.43	▼ (2.05 %)		0.90	4.68	NA
Revenue (mm)	4314.76	4522.60	▲ (3.22 %)		4113.57	16216.86	NA

Currency: USD

Consensus as of Oct-28-2021 2:00 PM GMT

Stock Price [USD] vs. Volume [mm] with earnings surprise annotations



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ4 2020	0.79	0.87	▲ (10.13 %)
FQ1 2021	1.17	1.15	▼ (1.71 %)
FQ2 2021	1.14	1.18	▲ (3.51 %)
FQ3 2021	1.46	1.43	▼ (2.05 %)



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experienced last year, which means we still have a little more room to grow before the industrial class fully recovers from the pandemic recession. The good news is we have a lot of momentum to work with. You'll notice that the latest load update now projects industrial sales will end the year up 4.3%, which is 2.4% higher than assumed in the original guidance forecast.

Finally, when you put it all together, in the lower right corner, you'll see that normalized retail sales increased by 3% for the quarter and were up 2.3% for the first 9 months. By all indications, the recovery from the pandemic and recession is happening faster than expected and our service territory is positioned to benefit from future economic growth. You'll recall that the original guidance forecast assumed normalized low growth of 2/10th of a percent in 2021. Based on our latest update, we're now expecting to end the year up 2.2%, which is a supporting factor in narrowing our earnings guidance range and raising the midpoint for 2021.

Turning to Slide 10. I want to answer the question from earlier to ask how our current low performance compares to pre-pandemic levels. This bar chart is designed to answer that question. The blue bars are the same year-to-date bars that we shared on the prior page. As a reminder, these represent growth versus 2020, which was influenced by the restrictions implemented to manage the public health crisis. The orange bars here show how the year-to-date sales in 2021 compare to 2019, which was the most recent pre-pandemic year for comparison. These bars tell us how close we are to a full recovery from the pandemic. Starting at the left, you'll notice that our reported residential sales are down 9/10th of a percent compared to last year, but they're actually up 1.6% compared to our pre-pandemic levels. This is a gauge for how our customers' behaviors have changed since the pandemic with more people working from home.

The next bar shows that while commercial sales are up 4.3% compared to last year, they are still 8/10th of a percent below the pre-pandemic levels. Given the recent growth we're seeing, especially in the data center loads, we would expect commercial sales -- the commercial sales class to fully recover very soon. Moving further right, you'll notice that while the industrial sales are up 4.2% compared to last year, they are still 3% lower than pre-pandemic levels. Given some of the headwinds from manufacturing today with supply chain disruptions, labor shortages, et cetera, it may take a little longer before the industrial class fully recovers from the pandemic recession, but we do expect to eclipse the pre-pandemic levels in 2022.

In total, our normalized load is up 2.3% compared to last year and is now within 7/10th of a percent of being fully recovered from the pandemic. So it's safe to say that we're pleased with the strength and balance of this recovery in the AEP system.

Let's check on the company's capitalization and liquidity on Page 11. On a GAAP basis, our debt-to-capital ratio decreased 0.4% from the prior quarter to 62.2%. When adjusted for the storm Uri event, the ratio is slightly lower than it was at year-end 2022 -- or sorry, 2020 and now stands at 61.5%. Let's talk about our FFO to debt metric as in the first and second quarter, the effect of storm Uri continues to have a temporary and noticeable impact on this 2021 metric. Taking a look at the upper right quadrant on this page, you'll see our FFO to debt metric based on traditional Moody's and GAAP-calculated basis as well as on an adjusted Moody's and GAAP-calculated basis.

On a traditional unadjusted basis, our FFO to debt ratio increased by 0.9% during the quarter to 10.2% on a Moody's basis. And just again, reiterating rating agencies continue to take the anticipated recovery into consideration as it relates to our credit ratings. So very important to note that. On an adjusted basis, the Moody's FFO to debt metric is 13.6%. This figure removes or adjusts the calculation to eliminate the impact of approximately \$1.2 billion of cash outflows associated with covering the unplanned Uri-driven fuel and purchase power in the SPP region directly impacting PSO and SWEPCO in particular. The metric is also adjusted to remove the effect of the associated debt we used to fund the unplanned payments. This should give you a sense of where we would be from a business-as-usual perspective with that 13.6%.

Importantly, as Nick mentioned, the recovery of the Uri-driven fuel and purchase power expense in the PSO and SWEPCO jurisdictions is well underway, and we're making progress. As a result, and consistent with what we have previously communicated, we still anticipate our cash flow metrics to return low to mid-teens target range next year. Obviously, we're trying to push towards the mid-teens range, but that will take us a little while longer, but we're definitely on our way there. And as you know, we'll keep you posted on our progress.

Before we leave the balance sheet topic, I do want to make note of the intended change to our 2022 financing plan in light of our announced sale of Kentucky Power and Kentucky Transco. You may recall that we had planned to issue \$1.4 billion of equity in 2022. That's inclusive of our \$100 million dividend reinvestment plan to fund our growth CapEx program. While we will provide our typical 3-year forward annual review of our cash flows and financial metrics at the upcoming EEI

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conference, what we can expect to see that the 2022 forecast will be adjusted to eliminate the previously planned \$1.4 billion of equity financing that I just mentioned with any residual proceeds being used to reduce a small portion of the 2022 debt financing that we had planned. These actions will have no impact on our previously stated credit metric targets or messaging in regard.

In the slide deck today on Page 39, you'll see our current cash flow forecast with which you're already familiar. We've included a note on the slide to reflect the fact that the numbers have not been updated for the announced Kentucky transaction, along with the red circle around the 2022 financing -- equity financing amount that will be changed and updated when we roll out the new view in a couple of weeks in conjunction with the EEI conference. So while we're talking about the Kentucky transaction, I can also share that we expect that the sale will be \$0.01 to \$0.02 accretive in 2022, and we'll reflect this in our 2022 earnings guidance that we provide to you at the EEI conference.

Okay. So back to our regularly scheduled earnings call programming and commentary. Let's take a quick moment to visit our liquidity summary on the lower right side of Slide 11. Our 5-year \$4 billion bank revolver and 2-year \$1 billion revolving credit facility, along with proceeds from a quarter-end debt issuance to support our liquidity position, which remains really strong at \$5.1 billion. If you look at the lower left side of the page, you'll see that our qualified pension continues to be well funded at 104%. Additionally, our OPEB is funded at 173.9%.

Let's go to Slide 12, and I'll do a quick wrap up and we can get to your questions. Our performance through the first 3 quarters of this year give us confidence to narrow our operating guidance to the upper half of our current range, resulting in a new range of \$4.65 per share to \$4.75 per share with a midpoint of \$4.70 per share. As we've stated, we are committed to our long-term growth rate target of 5% to 7%.

Today's 2021 earnings guidance revision is yet another demonstration of our drive to deliver performance in the upper half of our guidance range. From a strategic perspective, we are making significant progress in addressing items that are top of mind for our current and prospective investors. We are now in contract to sell Kentucky Power and Kentucky Transco, which we expect to complete in the second quarter of 2022. This transaction enables us to avoid the \$1.4 billion equity issuance that was part of our original forecast we had shared with you for 2022 and therefore, alleviates the overhang, the equity overhang and also allows us to deliver a transactions that we estimate to be \$0.01 to \$0.02 accretive in 2022.

Furthermore, we're able to do this while concurrently preserving our ability to get our FFO to debt metrics comfortably into that mid- to low teens range by 2022, which is commensurate with a Moody's Baa2 stable rating. As you know, we continue to target that. The intention is to remain in this credit metric range, again, with the preference to try to get closer to that midpoint as we move along in time. All of this positions us to continue our generation transformation, which is underpinned by the renewable investment opportunity we've shared with you and complemented by our ongoing energy delivery investment. So here's what you can expect to see from us at the upcoming EEI conference in early November. In addition to the updated 3-year forward cash flow and financing plan, we'll be introducing and sharing the details behind our 2022 earnings guidance and our longer-term capital plan, we typically go out 5 years, all of which will incorporate the effects of the announced Kentucky sale. So with that, sure, we do appreciate your time and attention. And I'm going to turn it over to the operator so we can get to your questions.

# American Electric Power Company, Inc.

## NasdaqGS:AEP

### FQ4 2021 Earnings Call Transcripts

Thursday, February 24, 2022 2:00 PM GMT

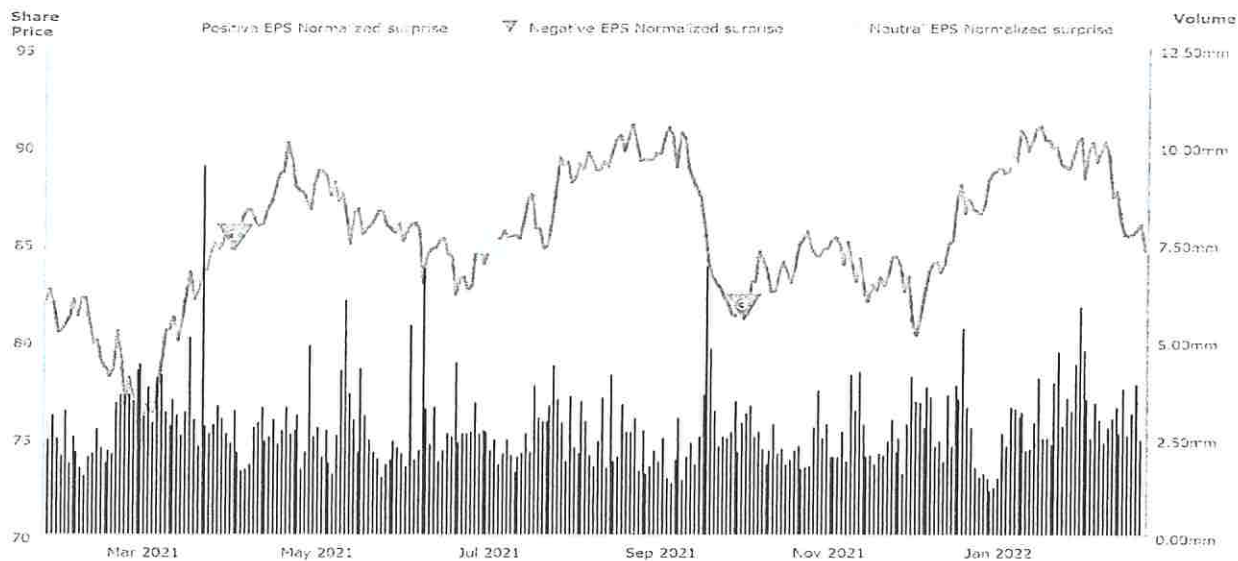
S&P Global Market Intelligence Estimates

	-FQ4 2021-			-FQ1 2022-		-FY 2021-		-FY 2022-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS
EPS Normalized	0.92	0.98	▲ 8.7%	1.21	4.69	4.74	▲ 1.07%	4.97
Revenue (mm)	3942.70	4100.00	▲ 4.0%	4584.88	16420.88	16800.00	▲ 2.3%	16992.79

Currency: USD

Consensus as of Feb-24-2022 3:46 PM GMT

Stock Price [USD] vs. Volume [mm] with earnings surprise annotations



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ1 2021	1.17	1.15	▼ (1.71%)
FQ2 2021	1.14	1.18	▲ 3.51%
FQ3 2021	1.46	1.43	▼ (2.05%)
FQ4 2021	0.92	0.98	▲ 6.52%

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# Presentation

## Operator

Ladies and gentlemen, thank you for standing by, and welcome to the American Electric Power Fourth Quarter 2021 Earnings Call. [Operator Instructions] And as a reminder, today's conference call is being recorded. I would now like to turn the conference over to Darcy Reese. Please go ahead.

## Darcy Reese

*Vice President of Investor Relations*

Thank you, Cynthia. Good morning, everyone, and welcome to the Fourth Quarter 2021 Earnings Call for American Electric Power. We appreciate you taking the time to join us today. Our earnings release, presentation slides and related financial information are available on our website at aep.com.

Today, we will be making forward-looking statements during the call. There are many factors that may cause future results to differ materially from these statements. Please refer to our SEC filings for a discussion of these factors.

Joining me this morning for opening remarks are Nick Akins, our Chairman, President and Chief Executive Officer; and Julie Sloat, our Chief Financial Officer. We will take your questions following their remarks. I will now turn the call over to Nick.

## Nicholas K. Akins

*Chairman, President & CEO*

Okay. Thanks, Darcy. Welcome, everyone, to American Electric Power's Fourth Quarter 2021 Earnings Call. I'm sure you all had time to read the earnings release and have seen all that we were able to accomplish in 2021. As we saw the results of several regulatory-related cases, it actually came in after the financial last November. AEP has come into 2022 flying high. The lyrics of a song by Lionel Richie and the Commodores actually the first concert or actually catered backstage when I was younger. Flying High says, I knew we could make it from the beginning.

AEP has now moved from 4% to 6% to 5% to 7% to 6% to 7% long-term growth rate because of our purposeful steps to enhance growth opportunities and derisk the AEP portfolio. This process will continue. We so have so much to look forward to in 2022. But for the purpose of today's call, I'm going to start by providing a brief recap of our financial performance and then I want to talk about the evolution and the next steps we are taking in the execution of our business strategy as well as the impact on our financing targets as we hone in on both our regulated generation transformation and our energy delivery infrastructure investments.

These are continued refinements that we believe will not only allow us to better serve our customers, but will generate enhanced value for our investors as well. Finally, I will provide an update on the various strategic and regulatory initiatives that are already underway. Starting with the recap of financial highlights, we reported strong results for the fourth quarter, navigating difficult macro headwinds while maintaining our balance sheet and increasing our quarterly dividend.

In fact, this quarter was our strongest ever fourth quarter, coming in above consensus estimates with fourth quarter GAAP earnings of \$1.07 per share and operating earnings of \$0.98 per share bringing our GAAP and operating earnings to \$4.97 per share and \$4.74 per share year-to-date, respectively.

Our strong financial performance in the quarter generated regulated ROE of 9.2% with improved equity layers and enabled us to increase the quarter's dividend from \$0.74 to \$0.78 per share as announced in October of '21. Our performance rests firmly on the regulatory foundations laid this past year with a series of rate case activity across our jurisdictions.

Since EEI, we've received constructive base case orders in Ohio and Oklahoma and we reached a settlement in Indiana that the commission approved yesterday and we anticipate shortly finalizing our other base rate cases in SWEPCO and PSO. Our management team continues to make significant headway in our strategic growth plan and transformation.

In 2021, the comprehensive strategic review of our Kentucky operations resulted in an agreement to sell Kentucky Power and AEP Kentucky Transco for more than \$2.8 billion. After receiving the necessary regulatory approvals, we expect this

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sale to close in the second quarter of 2022, notwithstanding the recent withdrawal of our FERC-related -- FERC filing related to the Mitchell operating agreement.

The completion of this transaction is expected to net AEP approximately \$1.45 billion in cash after taxes and transaction fees, proceeds we will use to invest in regulated renewables and transmission. AEP is building on a strong record of actively managing our portfolio to support our growth as we invest in a clean energy future while delivering increased returns to shareholders. An integral part of our long-term strategy is the prioritization of AEP's regulated investment opportunities and the optimization of our assets. To that end, today, we are announcing the elimination of growth capital allocated to the contracted renewables in our 2022 to 2026 forecast and our intent to ultimately sell all or a portion of our contracted renewables portfolio in our Generation & Marketing business segment to help fund our growing capital requirements in our regulated portfolio.

In making this decision, our team carefully considered the renewable opportunities in the context of our competitive business, existing competition in the space, our ability to efficiently monetize the PTC's ITC tax credits as regulated opportunities come to fruition, the attention needed to manage the size of this business relative to our overall regulated business and the potential value this business represents to others who are committed to contracted renewable development and operations.

We are fully confident that the sale of this portfolio will both simplify and derisk our business while allowing us to allocate proceeds and assign additional capital to our regulated business where we see a meaningful pipeline of investment opportunities to better serve our customers and participate in the energy transition.

This shift in direction enables us to recalibrate our 2022 to 2026 capital plan shifting approximately \$1.5 billion of investment capital to transmission and raising it to \$14.4 billion of the \$38 billion 5-year plan. The capital originally allocated to the unregulated generation in the marketing segment will drop from \$1.7 billion of the \$38 billion 5-year plan to \$400 million. The remaining \$400 million in the Generation & Marketing segment will be largely allocated to maintenance capital and distributed generation assets.

Our investment opportunities remain dynamic. And AEP operating companies will continue to develop integrated resource plans and grid enhancement plans over the near and long term in collaboration with stakeholders. This process continues to make substantial progress as shown on Slide 43 of the earnings deck. Overall, we are targeting wind additions of approximately 8.6 gigawatts of solar additions of approximately 6.6 gigawatts by 2030. For which we have allocated \$8.2 billion in our current 5-year capital plan. This -- the migration from contracted renewables to significant increases in regulated renewables will ensure that AEP maintains the talent and resources to execute this plan.

The capital plan also includes \$24.8 billion allocated to grid investments. With the changes discussed and the expected completion of the sale of Kentucky Power, we plan on an Analyst Day presentation soon after the sale is completed to further update on all of these important initiatives. Now shifting gears to our regulated renewables opportunity. AEP has a positive record of actively managing its portfolio to support the growth of the company as we invest in our regulated business and renewable generation to transform and build a cleaner, more modern energy system, and we made significant progress on our regulated renewables opportunity in 2021. Our plan is to reduce carbon emissions by 80% by 2030 and achieve net 0 by 2050 is well underway.

The 998-megawatt Traverse project, the largest single wind farm built at one time in North America is in the final stages of commissioning, and we expect the facility to go on launch soon. The combined investment in the Traverse project along with Maverick and Sundance, which both became operational in 2021 represent investment in renewable energy of approximately \$2 billion and will save PSO and SWEPCO customers in Arkansas, Louisiana and Oklahoma an estimated \$3 billion in electricity costs over the next 30 years.

These 3 projects add 1,484 megawatts of regulated renewable energy to our portfolio, and we recently issued RFPs for renewable resources for 1.1 gigawatts at APCo and 1.3 gigawatts at I&M. We expect to make regulatory filings and obtain the necessary approvals for projects selected from RFP processes at APCo, I&M, PSO and SWEPCO. We are truly transforming the energy grid to better integrate renewable resources, delivering the low-cost, reliable energy that our customers rely on while simultaneously empowering positive social, economic and environmental change in the communities we serve, and we believe we can successfully enhance shareholder returns in the process.

Finally and significantly, I'd like to speak to a few developments that highlight the economic vitality and prospects of the communities we serve. Our economic development team has been focusing on working collaboratively with our states



# WOLFE UTILITIES, MIDSTREAM & CLEAN ENERGY CONFERENCE

September 30, 2021

**AMERICAN  
ELECTRIC  
POWER**  
BOUNDLESS ENERGY™

# Cash Flows and Financial Metrics

	2021E	2022E	2023E
\$ in millions			
Cash from Operations	\$ 3,800	\$ 6,000	\$ 6,400
Capital and JV Equity Contributions <sup>1</sup>	(7,500)	(8,000)	(6,900)
Other Investing Activities	(300)	(300)	(300)
Common Dividends <sup>2</sup>	(1,400)	(1,500)	(1,500)
Required Capital	\$ (5,400)	\$ (3,800)	\$ (2,300)
<b>Financing</b>			
Required Capital	\$ (5,400)	\$ (3,800)	\$ (2,300)
Debt Maturities (Senior Notes, PCRBs)	(2,000)	(3,000)	(1,400)
Securitization Amortizations	(100)	(100)	(100)
Equity Units Conversion	-	805	850
Equity Issuances – Includes DRP <sup>3</sup>	600	1,400	100
<b>Debt Capital Market Needs (New)</b>	<b>\$ (6,900)</b>	<b>\$ (4,695)</b>	<b>\$ (2,850)</b>
<b>Financial Metrics</b>			
Debt to Capitalization (GAAP)		Approximately 60%	
FFO/Total Debt (Moody's)		2021 pressured by Storm Uri;	
		long-term target remains at low to mid teens	

<sup>1</sup> Capital expenditures in 2021 include approximately \$700M for North Central Wind's Sundance and Maverick projects. Expenditures in 2022 include approximately \$1.3B for North Central Wind's Traverse project.

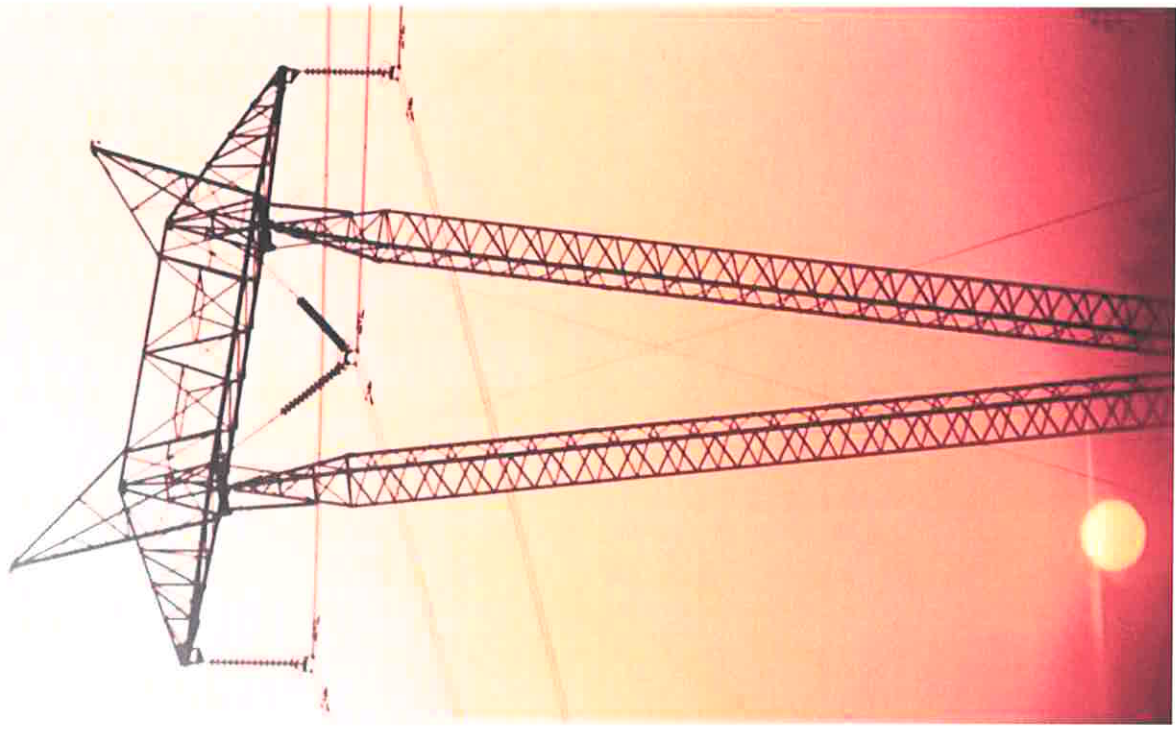
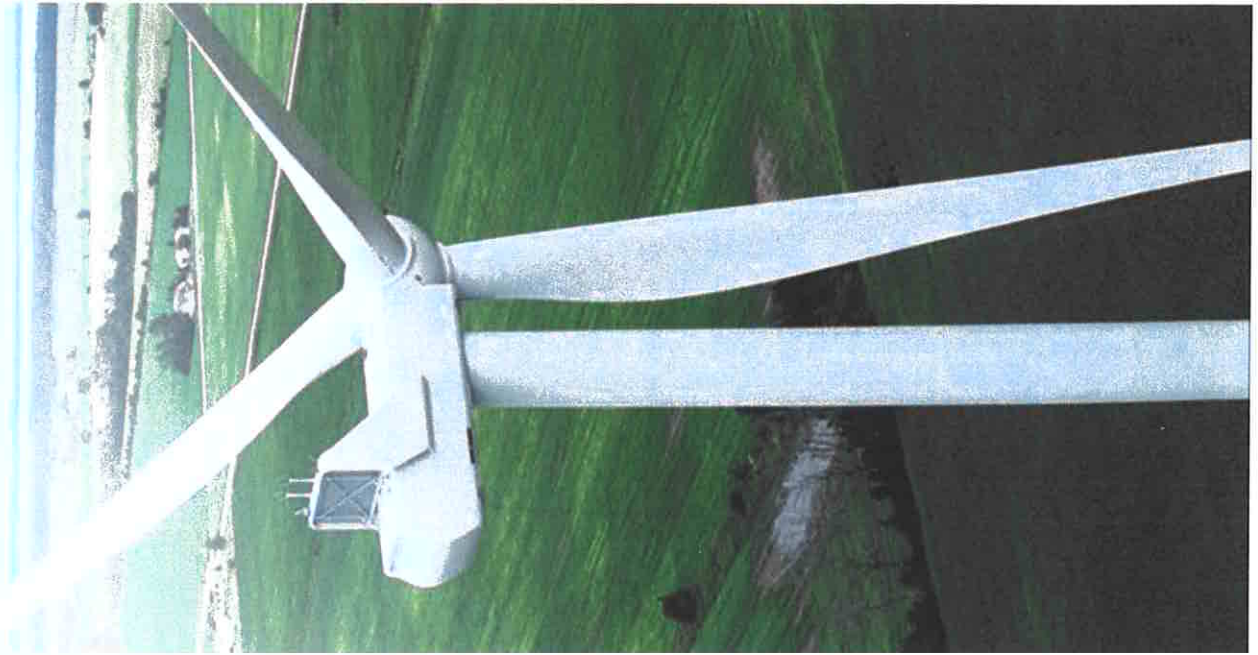
<sup>2</sup> Common dividends increased to \$0.74 per share Q4-20; \$2.96/share 2021-2023. Dividends evaluated by Board of Directors each quarter; stated target payout ratio range is 60%-70% of operating earnings. Targeted dividend growth in line with earnings.

<sup>3</sup> Equity needs in 2021 include approximately \$500M for North Central Wind's Sundance and Maverick projects. Equity needs in 2022 include approximately \$800M for North Central Wind's Traverse project. Total equity needs for the project are \$1.3B.

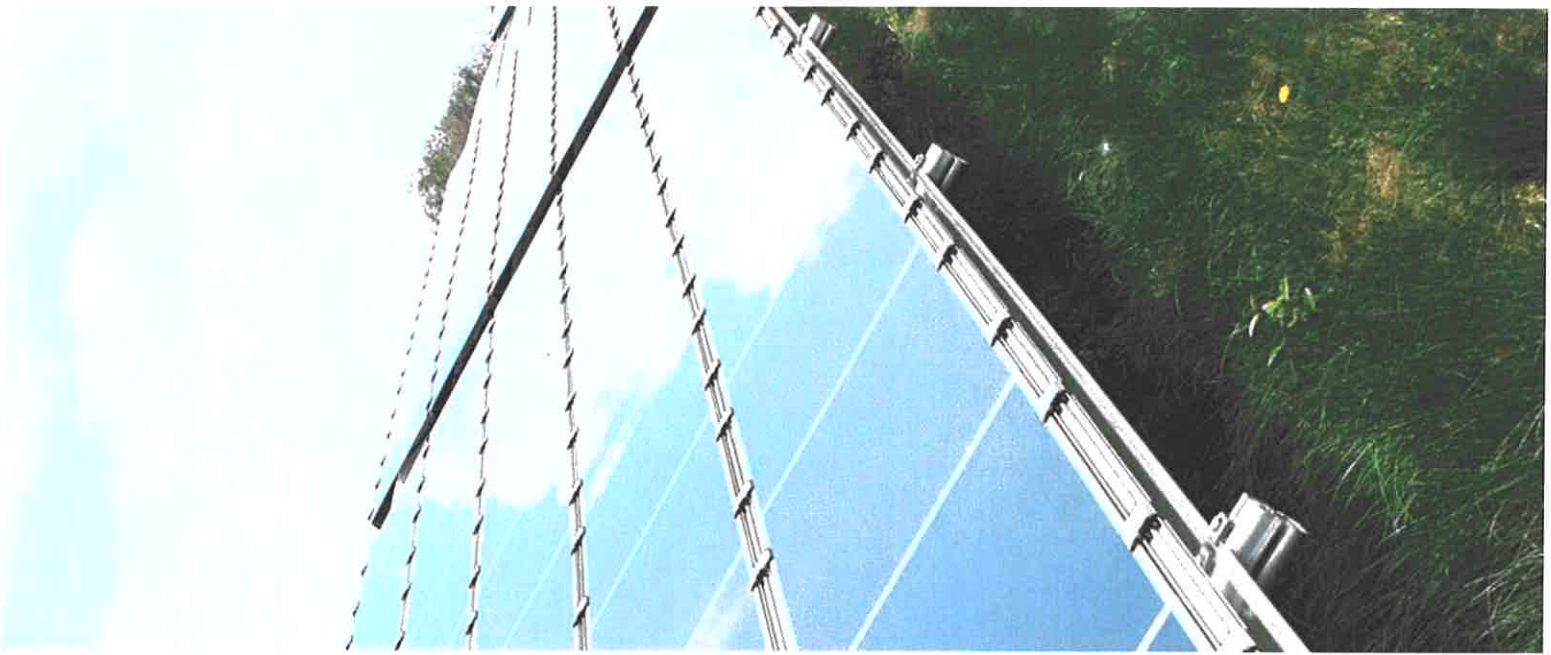
Actual cash flows will vary by company and jurisdiction based on regulatory outcomes.



BOUNDLESS ENERGY™



## February/March 2022 Investor Meetings





# 2022-2026 Cash Flows and Financial Metrics

Cash proceeds related to sale of contracted renewable assets within the unregulated business are not included below.

	2022E	2023E	2024E	2025E	2026E
\$ in millions					
Cash from Operations	\$ 5,600	\$ 6,100	\$ 6,400	\$ 6,900	\$ 7,400
Net Cash Proceeds from Sale of Kentucky Operations <sup>1</sup>	1,400	-	-	-	-
Capital and JV Equity Contributions <sup>2</sup>	(7,600)	(7,100)	(8,400)	(7,800)	(7,400)
Other Investing Activities	(300)	(400)	(400)	(400)	(400)
Common Dividends <sup>3</sup>	(1,600)	(1,600)	(1,700)	(1,700)	(1,700)
Required Capital	\$ (2,500)	\$ (3,000)	\$ (4,100)	\$ (3,000)	\$ (2,100)
<b>Financing</b>					
Required Capital	\$ (2,500)	\$ (3,000)	\$ (4,100)	\$ (3,000)	\$ (2,100)
Debt Maturities (Senior Notes, PCRBs)	(3,000)	(2,400)	(500)	(1,800)	(1,400)
Securitization Amortizations	(100)	(200)	(200)	(100)	(100)
Equity Units Conversion	805	850	-	-	-
Equity Issuances – Includes DRP	-	100	600	700	700
<b>Debt Capital Market Needs (New)</b>	<b>\$ (4,795)</b>	<b>\$ (4,650)</b>	<b>\$ (4,200)</b>	<b>\$ (4,200)</b>	<b>\$ (2,900)</b>
<b>Financial Metrics</b>					
Debt to Capitalization (GAAP)					
FFO/Total Debt (Moody's)					
			Approximately 60%		
			14.0%-15.0% Range		

<sup>1</sup> Cash proceeds to Parent of \$1.4B are net of Kentucky indebtedness, tax and transaction costs and adjusted for residual pay-down of Parent debt.

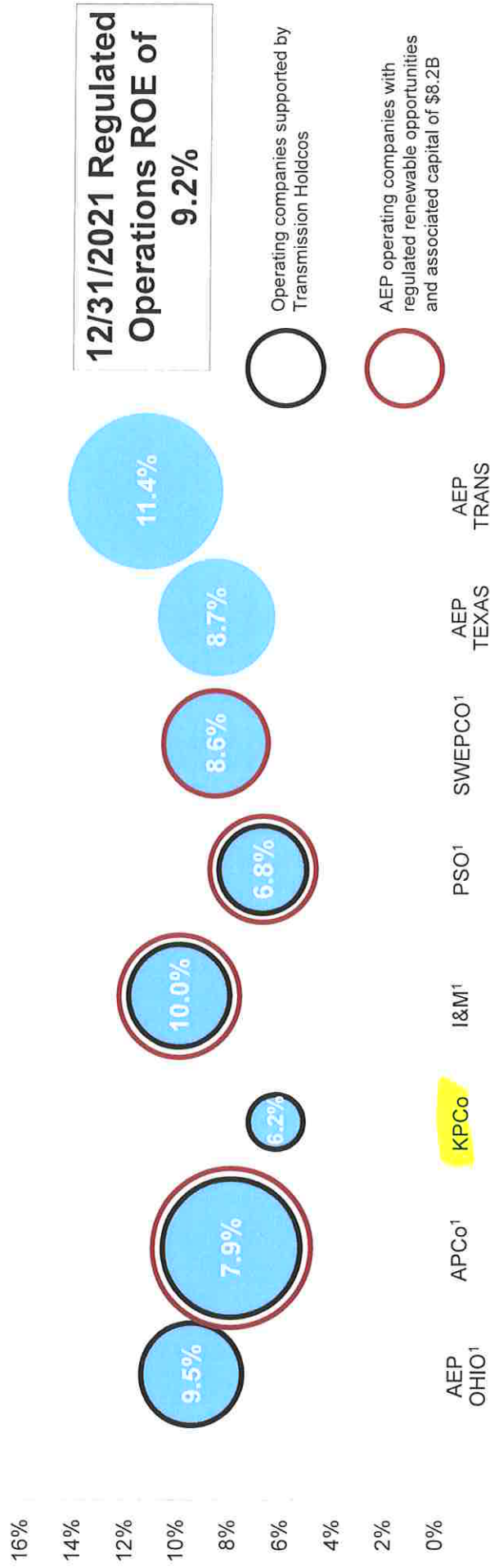
<sup>2</sup> Capital investments in 2022 include approximately \$1.3B for NCW – Traverse project.

<sup>3</sup> Common dividends increased to \$0.78 per share Q4-21; \$3.12/share 2022-2026 (dividends per share remain constant until approved by Board of Directors). Dividends evaluated by Board of Directors each quarter; stated target payout ratio range is 60%-70% of operating earnings. Targeted dividend growth in line with earnings.

Note: Actual cash flows will vary by company and jurisdiction based on regulatory outcomes.

# Regulated Returns and Authorized Equity Layers

Twelve Months Ended 12/31/2021 Earned ROE's  
(non-GAAP operating earnings, not weather normalized)



Sphere size based on each company's relative equity balance

## Authorized Equity Layers (in whole percentages)

Operating Company	12/31/2017	12/31/2021	Improvement
AEP Ohio	48%	54%	6%
APCo – VA	43%	50%	7%
APCo – WV	47%	50%	3%
PSO	44%	53%	9%
SWEPCO – AR <sup>2</sup>	46%	51%	5%
SWEPCO – LA <sup>2</sup>	47%	51%	4%
AEP Texas	40%	43%	3%
AEP Transmission	50%	55%	5%

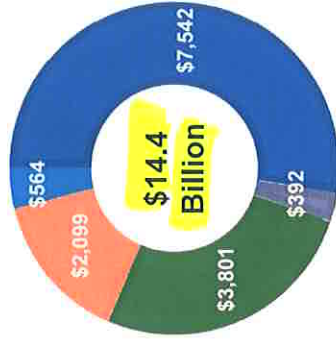
Improving  
Authorized Equity Layers  
Over Time

<sup>1</sup> Base rate cases pending/order recently received

<sup>2</sup> 12/31/2021 data represents equity layers in recent base rate cases

# Transmission in Focus

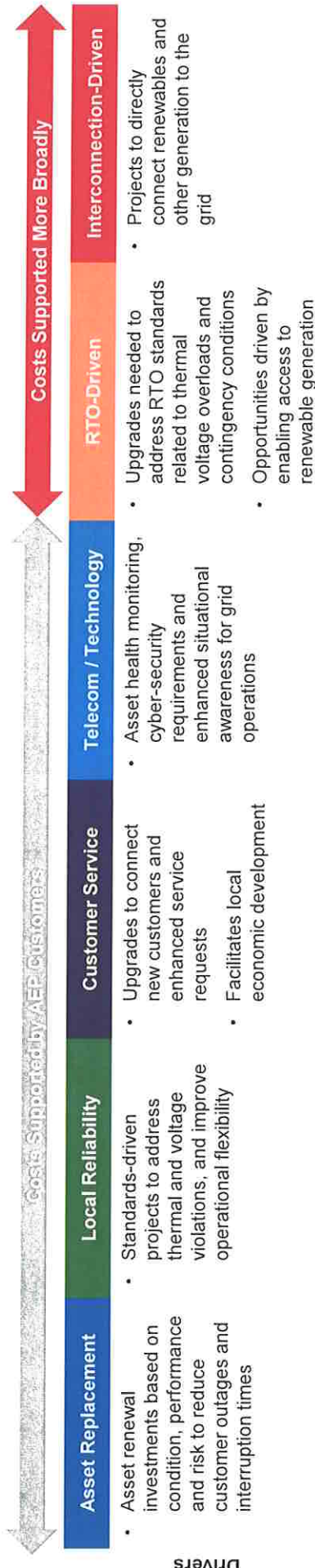
## 2022-2026 Transmission Investment



- Asset Replacement
- Customer Service
- Local Reliability
- RTO Driven
- Telecommunication

From 2022 through 2026, ~50% of AEP's transmission capital investment will be deployed to modernize the transmission grid and enhance reliability and resilience

AEP's transmission investment is well positioned to grow with renewable expansion while improving reliability and meeting customer needs



## Additional Upside Opportunities

- Regional reliability
- Fossil-fuel generation retirements
- Integration of renewable resources
- Inter-regional projects

AEP has a long and diverse runway of organic transmission investment opportunities

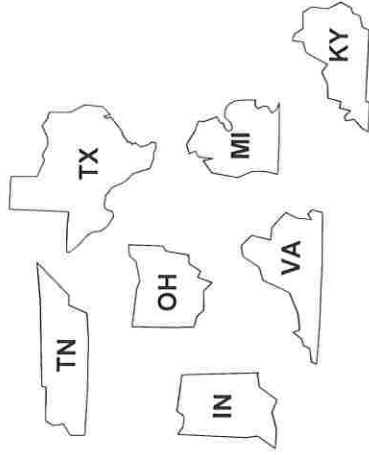
# Stable Cost Recovery Framework

Stable and transparent wholesale cost recovery for transmission

~88% of transmission capital invested is recovered through state tracker/rider mechanisms

	PJM	SPP	ERCOT
<b>ROE</b>	9.85% Base + 0.50% RTO adder	10.0% Base ROE + 0.50% RTO adder	9.4%
<b>Forward Looking Rates</b>	Yes	Yes	Allowed two updates per year (not forward looking)
<b>Equity Structure</b>	Capped at 55%	No Cap	Capped at 42.5%
<b>Rate Approval Date</b>	May 2019	June 2019	April 2020

FULL TRACKER/RIDER (T/R) RECOVERY



PARTIAL (T/R) RECOVERY



PENDING/FORMULA OR BASE CASE



Note: Arkansas retail formula not currently being utilized

# Kentucky Power Company

2021 Annual Report

Audited Financial Statements



An **AEP** Company

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BOUNDLESS ENERGY™

**KENTUCKY POWER COMPANY**  
**STATEMENTS OF CHANGES IN COMMON SHAREHOLDER'S EQUITY**  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

	<u>Common Stock</u>	<u>Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total</u>
<b>TOTAL COMMON SHAREHOLDER'S EQUITY – DECEMBER 31, 2019</b>	\$ 50,450	\$ 526,135	\$ 204,806	\$ 790	\$ 782,181
ASU 2016-13 Adoption			48		48
Net Income			41,017		41,017
Other Comprehensive Income				88	88
<b>TOTAL COMMON SHAREHOLDER'S EQUITY – DECEMBER 31, 2020</b>	50,450	526,135	245,871	878	823,334
Net Income			50,150		50,150
Other Comprehensive Income				871	871
<b>TOTAL COMMON SHAREHOLDER'S EQUITY – DECEMBER 31, 2021</b>	<u>\$ 50,450</u>	<u>\$ 526,135</u>	<u>\$ 296,021</u>	<u>\$ 1,749</u>	<u>\$ 874,355</u>

See Notes to Financial Statements beginning on page 11.

**KENTUCKY POWER COMPANY**  
**BALANCE SHEETS**  
**ASSETS**  
**December 31, 2021 and 2020**  
(in thousands)

	December 31,	
	2021	2020
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 763	\$ 1,533
Accounts Receivable:		
Customers	16,281	10,485
Affiliated Companies	25,578	21,019
Accrued Unbilled Revenues	16,647	18,918
Miscellaneous	57	80
Allowance for Uncollectible Accounts	(3)	(87)
Total Accounts Receivable	<u>58,560</u>	<u>50,415</u>
Fuel	10,090	22,487
Materials and Supplies	20,515	19,861
Risk Management Assets	5,986	3,152
Regulatory Asset for Under-Recovered Fuel Costs	8,216	—
Margin Deposits	14,229	132
Prepayments and Other Current Assets	3,490	3,370
<b>TOTAL CURRENT ASSETS</b>	<u>121,849</u>	<u>100,950</u>
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Electric:		
Generation	1,231,494	1,231,387
Transmission	760,359	703,309
Distribution	1,017,406	955,501
Other Property, Plant and Equipment	137,554	120,965
Construction Work in Progress	95,093	83,008
<b>Total Property, Plant and Equipment</b>	<u>3,241,906</u>	<u>3,094,170</u>
Accumulated Depreciation and Amortization	1,104,492	1,052,273
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT – NET</b>	<u>2,137,414</u>	<u>2,041,897</u>
<b>OTHER NONCURRENT ASSETS</b>		
Regulatory Assets	476,457	450,145
Long-term Risk Management Assets	—	23
Employee Benefit and Pension Assets	60,333	41,062
Operating Lease Assets	10,748	11,928
Deferred Charges and Other Noncurrent Assets	33,848	33,585
<b>TOTAL OTHER NONCURRENT ASSETS</b>	<u>581,386</u>	<u>536,743</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,840,649</u>	<u>\$ 2,679,590</u>

See Notes to Financial Statements beginning on page 11.

**KENTUCKY POWER COMPANY**  
**BALANCE SHEETS**  
**LIABILITIES AND COMMON SHAREHOLDER'S EQUITY**  
December 31, 2021 and 2020  
(dollars in thousands)

	December 31,	
	2021	2020
<b>CURRENT LIABILITIES</b>		
Advances from Affiliates	\$ 47,895	\$ 65,647
Accounts Payable:		
General	52,837	47,157
Affiliated Companies	42,223	24,862
Long-term Debt Due Within One Year – Nonaffiliated	200,000	40,000
Risk Management Liabilities	51	213
Customer Deposits	32,432	30,774
Accrued Taxes	45,243	36,191
Accrued Interest	5,685	6,399
Obligations Under Operating Leases	2,173	2,296
Regulatory Liability for Over-Recovered Fuel Costs	—	313
Other Current Liabilities	21,384	26,767
<b>TOTAL CURRENT LIABILITIES</b>	<b>449,923</b>	<b>280,619</b>
<b>NONCURRENT LIABILITIES</b>		
Long-term Debt – Nonaffiliated	903,105	952,650
Long-term Risk Management Liabilities	—	19
Deferred Income Taxes	437,152	446,054
Regulatory Liabilities and Deferred Investment Tax Credits	140,506	133,243
Asset Retirement Obligations	16,399	21,544
Employee Benefits and Pension Obligations	8,064	7,970
Obligations Under Operating Leases	8,614	9,672
Deferred Credits and Other Noncurrent Liabilities	2,531	4,485
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>1,516,371</b>	<b>1,575,637</b>
<b>TOTAL LIABILITIES</b>	<b>1,966,294</b>	<b>1,856,256</b>
Rate Matters (Note 4)		
Commitments and Contingencies (Note 6)		
<b>COMMON SHAREHOLDER'S EQUITY</b>		
Common Stock – Par Value – \$50 Per Share:		
Authorized – 2,000,000 Shares		
Outstanding – 1,009,000 Shares	50,450	50,450
Paid-in Capital	526,135	526,135
Retained Earnings	296,021	245,871
Accumulated Other Comprehensive Income (Loss)	1,749	878
<b>TOTAL COMMON SHAREHOLDER'S EQUITY</b>	<b>874,355</b>	<b>823,334</b>
<b>TOTAL LIABILITIES AND COMMON SHAREHOLDER'S EQUITY</b>	<b>\$ 2,840,649</b>	<b>\$ 2,679,590</b>

See Notes to Financial Statements beginning on page 11.



### *Net Deferred Tax Liability*

The following table shows elements of KPCo's net deferred tax liability and significant temporary differences:

	December 31,	
	2021	2020
	(in thousands)	
Deferred Tax Assets	\$ 94,062	\$ 101,993
Deferred Tax Liabilities	(531,214)	(548,047)
<b>Net Deferred Tax Liabilities</b>	<b><u>\$ (437,152)</u></b>	<b><u>\$ (446,054)</u></b>
Property Related Temporary Differences	\$ (310,721)	\$ (300,947)
Amounts Due to Customers for Future Income Taxes	51,754	62,526
Deferred State Income Taxes	(92,617)	(120,361)
Regulatory Assets	(101,155)	(92,015)
Net Operating Loss Carryforward	17,475	7,795
All Other, Net	(1,888)	(3,052)
<b>Net Deferred Tax Liabilities</b>	<b><u>\$ (437,152)</u></b>	<b><u>\$ (446,054)</u></b>

### *Federal Income Tax Audit Status*

The statute of limitations for the IRS to examine KPCo and other AEP subsidiaries originally filed federal return has expired for tax years 2016 and earlier. In the third quarter of 2019, KPCo and other AEP subsidiaries elected to amend the 2014 through 2017 federal returns. In the first quarter of 2020, the IRS notified KPCo and other AEP subsidiaries that it was beginning an examination of these amended returns, including the net operating losses carryback to 2015 that originated in the 2017 return. As of December 31, 2021, the IRS has not issued any proposed adjustments. KPCo and other AEP subsidiaries have agreed to extend the statute of limitations on the 2017 tax return to December 31, 2022 to allow time for the audit to be completed and the Congressional Joint Committee on Taxation to approve the associated refund claim.

### *Net Income Tax Operating Loss Carryforward*

KPCo has state net income tax operating loss carryforwards of \$222 million and \$159 million in 2021 and 2020, respectively. As a result, KPCo recognized deferred state income tax benefits in 2021 and 2020 of \$11 million and \$10 million, respectively. Management anticipates future taxable income will be sufficient to realize the state net income tax operating loss tax benefits before the state carryforward begins expiring in 2035.

THIS FILING IS	
Item 1: <input checked="" type="checkbox"/> An Initial (Original) Submission	OR <input type="checkbox"/> Resubmission No. _____

Form 1 Approved  
 OMB No. 1902-0021  
 (Expires 11/30/2022)  
 Form 1-F Approved  
 OMB No. 1902-0020  
 (Expires 11/30/2022)  
 Form 3-Q Approved  
 OMB No. 1902-0205  
 (Expires 11/30/2022)



# FERC FINANCIAL REPORT

## FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

<b>Exact Legal Name of Respondent (Company)</b> AEP Kentucky Transmission Company, Inc.	<b>Year/Period of Report</b> End of 2020/Q4
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Name of Respondent AEP Kentucky Transmission Company, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 11	Year/Period of Report End of 2025 Q4
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KPSC Case No. 2021-00481  
 Joint Applicants' Application  
 Public Attachment, Exhibit 5  
 Filed January 1, 2022  
 Page 469 of 933

**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	<b>UTILITY PLANT</b>			
2	Utility Plant (101-106, 114)	200-201	129,736,863	124,616,586
3	Construction Work in Progress (107)	200-201	31,350,237	17,135,182
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		161,089,100	141,751,768
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	9,802,671	6,932,886
6	Net Utility Plant (Enter Total of line 4 less 5)		151,286,429	134,818,882
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		151,286,429	134,818,882
15	Utility Plant Adjustments (116)		0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
17	<b>OTHER PROPERTY AND INVESTMENTS</b>			
18	Nonutility Property (121)		0	0
19	(Less) Accum. Prov. for Depr. and Amort. (122)		0	0
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	0	0
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		0	0
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		0	0
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		0	0
31	Long-Term Portion of Derivative Assets - Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		0	0
33	<b>CURRENT AND ACCRUED ASSETS</b>			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		0	0
36	Special Deposits (132-134)		0	0
37	Working Fund (135)		0	0
38	Temporary Cash Investments (136)		0	0
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		220,958	166,246
41	Other Accounts Receivable (143)		0	0
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		0	0
43	Notes Receivable from Associated Companies (145)		0	0
44	Accounts Receivable from Assoc. Companies (146)		1,039,152	1,048,898
45	Fuel Stock (151)	227	0	0
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	0	0
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	0	0

Name of Respondent AEP Kentucky Transmission Company, Inc.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 11	Year/Period of Report End of 2021 Q4
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KPSC Case No. 2021-00481  
 Joint Applicants' Application  
 Public Attachment, Exhibit 5  
 Filed January 14, 2022  
 Page 470 of 933

**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)** (Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	0	0
55	Gas Stored Underground - Current (164.1)		0	0
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0
57	Prepayments (165)		32,856	26,859
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		0	0
60	Rents Receivable (172)		0	0
61	Accrued Utility Revenues (173)		0	0
62	Miscellaneous Current and Accrued Assets (174)		0	0
63	Derivative Instrument Assets (175)		0	0
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0
65	Derivative Instrument Assets - Hedges (176)		0	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		1,292,966	1,242,003
68	<b>DEFERRED DEBITS</b>			
69	Unamortized Debt Expenses (181)		506,254	303,693
70	Extraordinary Property Losses (182.1)	230a	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	0	0
72	Other Regulatory Assets (182.3)	232	1,626,971	1,380,935
73	Prelim. Survey and Investigation Charges (Electric) (183)		0	0
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		0	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		0	0
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	825,936	734,315
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	0
81	Unamortized Loss on Reaquired Debt (189)		0	0
82	Accumulated Deferred Income Taxes (190)	234	2,257,386	2,185,105
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		5,216,547	4,604,048
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		157,795,942	140,664,933

Name of Respondent AEP Kentucky Transmission Company, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (mo, da, yr) 11	Year/Period of Report end of 2020/24
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KPSC Case No. 2021-00481  
 Joint Applicants' Application  
 Public Attachment, Exhibit 5  
 Filed January 4, 2022  
 Page 471 of 933

**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	0	0
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		0	0
7	Other Paid-In Capital (208-211)	253	41,707,500	40,707,500
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254b	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	21,042,883	19,854,292
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reaquired Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	0	0
16	<b>Total Proprietary Capital (lines 2 through 15)</b>		<b>62,750,383</b>	<b>60,561,792</b>
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	0	0
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	64,000,000	43,000,000
21	Other Long-Term Debt (224)	256-257	0	0
22	Unamortized Premium on Long-Term Debt (225)		16,111	18,833
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		204,486	205,305
24	Total Long-Term Debt (lines 18 through 23)		63,811,625	42,813,528
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		0	0
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		0	0
29	Accumulated Provision for Pensions and Benefits (228.3)		0	0
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		127,325	0
32	Long-Term Portion of Derivative Instrument Liabilities		0	0
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		0	0
35	Total Other Noncurrent Liabilities (lines 26 through 34)		127,325	0
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		2,851,211	3,446,531
39	Notes Payable to Associated Companies (233)		1,366,425	10,357,607
40	Accounts Payable to Associated Companies (234)		1,681,496	630,303
41	Customer Deposits (235)		0	0
42	Taxes Accrued (236)	262-263	1,374,040	-246,737
43	Interest Accrued (237)		0	0
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

Name of Respondent AEP Kentucky Transmission Company, Inc.	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (mo, da, yr) 11	Year/Period of Report end of
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KPSC Case No. 2021-00481  
 Joint Applicants Application  
 Public Attachment, Exhibit 5  
 Filed January 4, 2022  
 Page 472 of 933

**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)** (Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		0	0
48	Miscellaneous Current and Accrued Liabilities (242)		98	199,219
49	Obligations Under Capital Leases-Current (243)		0	0
50	Derivative Instrument Liabilities (244)		0	0
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0
52	Derivative Instrument Liabilities - Hedges (245)		0	0
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0
54	Total Current and Accrued Liabilities (lines 37 through 53)		7,273,270	14,386,923
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		0	0
57	Accumulated Deferred Investment Tax Credits (255)	266-267	0	0
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	0	97
60	Other Regulatory Liabilities (254)	278	7,400,921	7,383,604
61	Unamortized Gain on Reaquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		14,264,972	13,681,177
64	Accum. Deferred Income Taxes-Other (283)		2,167,446	1,837,812
65	Total Deferred Credits (lines 56 through 64)		23,833,339	22,902,690
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		157,795,942	140,664,933

**AEP's Use of \$1.4 Billion of Cash Proceeds from Kentucky Sale  
To Invest in Regulated Renewables and Transmission  
\$ Millions**

	<u>Source</u>	<u>Amount</u>	<u>2021 Earned ROE</u>	<u>2021 Earned Return</u>	<u>Opportunity Earned ROE</u>	<u>Annual Opportunity Earned Return</u>	<u>Additional Annual Earned Return</u>
AEP's Cash Proceeds Upon Sale to Liberty	Numerous Presentations	<u>1,400.000</u>					
KPCo's Per Books Equity as of December 31, 2021	KPCo 2021 Annual Report	874.355	6.20% <sup>(1)</sup>	54.210	10.35%	90.496	36.286
KTCO's Per Books Equity as of December 31, 2020	KTCO's 2020 Form 1	62.750	10.35% <sup>(2)</sup>	6.495	10.35%	6.495	-
Remaining Amount of Cash Proceeds Available		<u>462.895</u>	0.00% <sup>(3)</sup>	-	10.35%	<u>47.910</u>	<u>47.910</u>
Total Use of AEP's Cash Proceeds		<u>1,400.000</u>		<u>60.705</u>		<u>144.900</u>	<u>84.195</u>

(1) - February/March Investor Presentation Earned ROE

(2) - Standard FERC Approved ROE for PJM Transmission Tariffs (Inclusive of RTO Incentive Adder of 0.50%) as Confirmed on page 123.11 in KTCO's 2020 Form 1.

(3) - Currently Not Earning a Return.

4

# RBC CAPITAL MARKETS GLOBAL ENERGY, POWER & INFRASTRUCTURE CONFERENCE

June 9, 2021

**AMERICAN  
ELECTRIC  
POWER**

BOUNDLESS ENERGY™





# “Safe Harbor” Statement Under the Private Securities Litigation Reform Act of 1995

This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Although AEP and each of its Registrant Subsidiaries believe that their expectations are based on reasonable assumptions, any such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Among the factors that could cause actual results to differ materially from those in the forward-looking statements are: changes in economic conditions, electric market demand and demographic patterns in AEP service territories, The impact of pandemics, including COVID-19, and any associated disruption of AEP’s business operations due to impacts on economic or market conditions, electricity usage, employees, customers, service providers, vendors and suppliers, inflationary or deflationary interest rate trends, volatility in the financial markets, particularly developments affecting the availability or cost of capital to finance new capital projects and refinance existing debt, the availability and cost of funds to finance working capital and capital needs, particularly during periods when the time lag between incurring costs and recovery is long and the costs are material, decreased demand for electricity, weather conditions, including storms and drought conditions, and the ability to recover significant storm restoration costs, the cost of fuel and its transportation, the creditworthiness and performance of fuel suppliers and transporters and the cost of storing and disposing of used fuel, including coal ash and spent nuclear fuel, the availability of fuel and necessary generation capacity and performance of generation plants, the ability to recover fuel and other energy costs through regulated or competitive electric rates, the ability to build or acquire renewable generation, transmission lines and facilities (including the ability to obtain any necessary regulatory approvals and permits) when needed at acceptable prices and terms, including favorable tax treatment, and to recover those costs, new legislation, litigation and government regulation, including changes to tax laws and regulations, oversight of nuclear generation, energy commodity trading and new or heightened requirements for reduced emissions of sulfur, nitrogen, mercury, carbon, soot or particulate matter and other substances that could impact the continued operation, cost recovery and/or profitability of generation plants and related assets, evolving public perception of the risks associated with fuels used before, during and after the generation of electricity, including coal ash and nuclear fuel, timing and resolution of pending and future rate cases, negotiations and other regulatory decisions, including rate or other recovery of new investments in generation, distribution and transmission service and environmental compliance, resolution of litigation, the ability to constrain operation and maintenance costs, prices and demand for power generated and sold at wholesale, changes in technology, particularly with respect to energy storage and new, developing, alternative or distributed sources of generation, the ability to recover through rates any remaining unrecovered investment in generation units that may be retired before the end of their previously projected useful lives, volatility and changes in markets for coal and other energy-related commodities, particularly changes in the price of natural gas, changes in utility regulation and the allocation of costs within regional transmission organizations, including ERCOT, PJM and SPP, changes in the creditworthiness of the counterparties with contractual arrangements, including participants in the energy trading market, actions of rating agencies, including changes in the ratings of debt, the impact of volatility in the capital markets on the value of the investments held by the pension, other postretirement benefit plans, captive insurance entity and nuclear decommissioning trust and the impact of such volatility on future funding requirements, accounting standards periodically issued by accounting standard-setting bodies, and other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes, naturally occurring and human-caused fires, cyber security threats and other catastrophic events, the ability to attract and retain requisite work force and key personnel.

## Darcy Reese, Vice President

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## Tom Scott, Director

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# The Premier Regulated Energy Company

16,800 EMPLOYEES

24GW OWNED GENERATION

5.5M CUSTOMERS, 11 STATES

\$81B TOTAL ASSETS

40,000 TRANSMISSION MILES

223,000 DISTRIBUTION MILES

\$50B RATE BASE

\$43B CURRENT MARKET CAPITALIZATION

Statistics as of December 31, 2020 except for market capitalization as of June 7, 2021

# AEP Leading the Way Forward

**Confidence in  
Steady and  
Predictable  
Earnings Growth  
Rate of  
5%-7%**

**Commitment to  
Growing  
Dividend  
Consistent with  
Earnings**

**Well Positioned  
as a Sustainable  
Regulated  
Business**

**Compelling  
Portfolio of  
Premium  
Investment  
Opportunities**

# AEP's Strategic Vision and Execution

## EXECUTE STRATEGY

## TOP PRIORITIES

**Promote clean energy transformation**

- Invest in regulated and contracted renewables
- Optimize the generation fleet

**Enable growth and prosperity for our communities**

- Grow top line revenue
- Champion economic development
- Be good neighbors

**Innovate for the benefit of our customers**

- Improve customer experience through use of technology and business innovation
- Modernize regulatory mechanisms to support customer expectations

**Build a modern, secure and resilient grid**

- Deploy technologies that enhance grid safety, security and value
- Invest in leveraging energy infrastructure

**Drive operational excellence**

- Achieve Zero Harm
- Drive relentless O&M optimization
- Implement automation, digitization and process improvements
- Be a great place to work

# AEP KEY THEMES

Pure Play Electric Utility with Significant  
Renewables Upside

- 5%-7% Earnings Growth Rate and 2021 Range
- Proven Track Record of EPS Performance
- Strong Dividend Growth
- ESG Focus and Acceleration of a Clean Energy Future
- O&M Optimization



# Strong Return Proposition for Investors

## TOTAL SHAREHOLDER RETURN

**8% - 10%**

## 2021 RAISED OPERATING EARNINGS GUIDANCE RANGE

**\$4.55 - \$4.75**

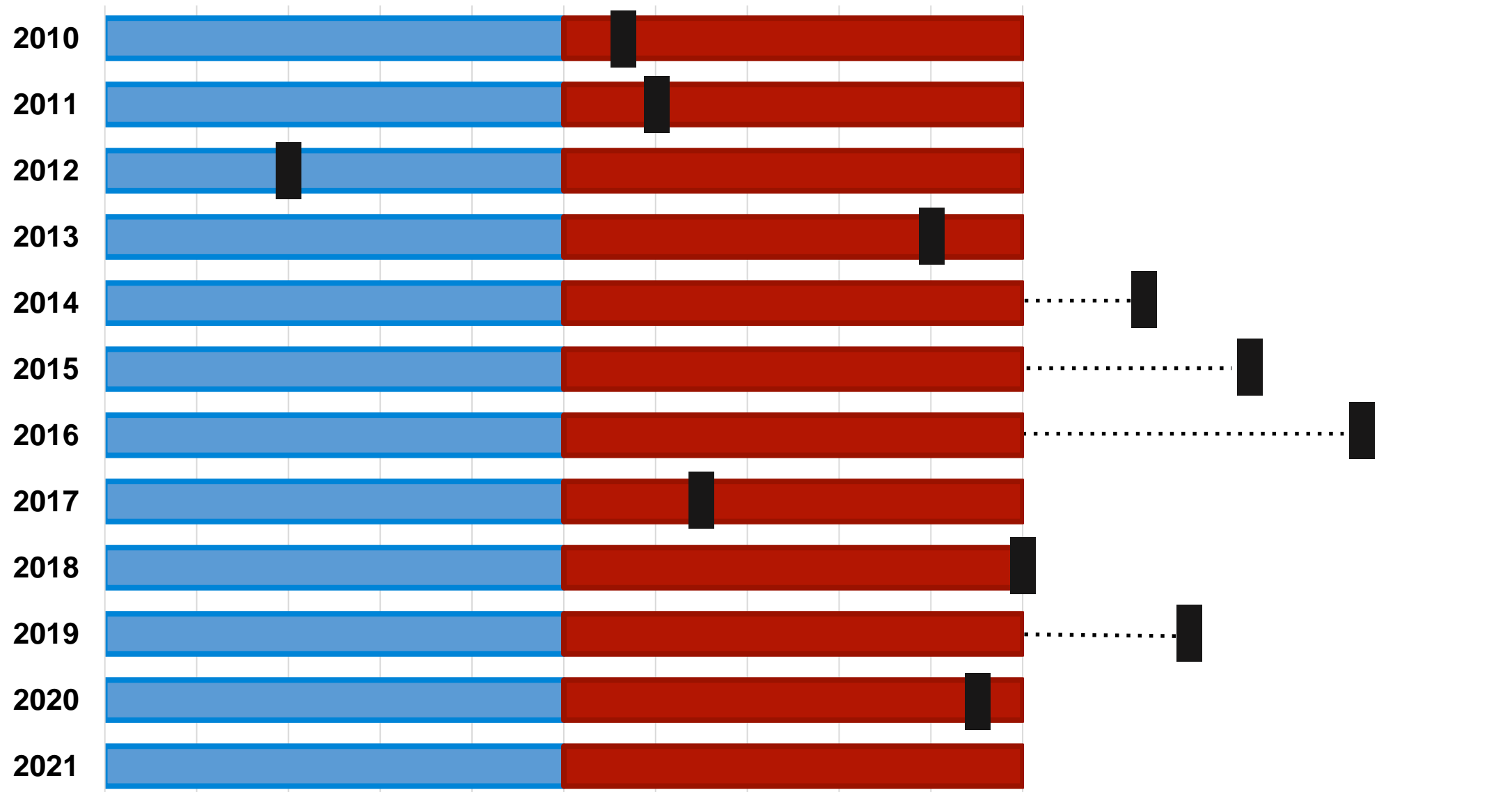
DIVIDEND YIELD  
**3%**

**+**

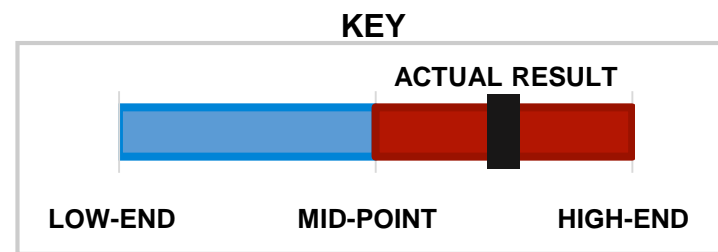
EPS GROWTH  
**5% - 7%**

- ✓ **STEADY GROWTH**
- ✓ **CONSISTENT DIVIDENDS**
- ✓ **LOW RISK, REGULATED ASSETS**
- ✓ **INVESTMENT PIPELINE**
- ✓ **INCENTIVE COMPENSATION TIED TO EPS RESULTS**

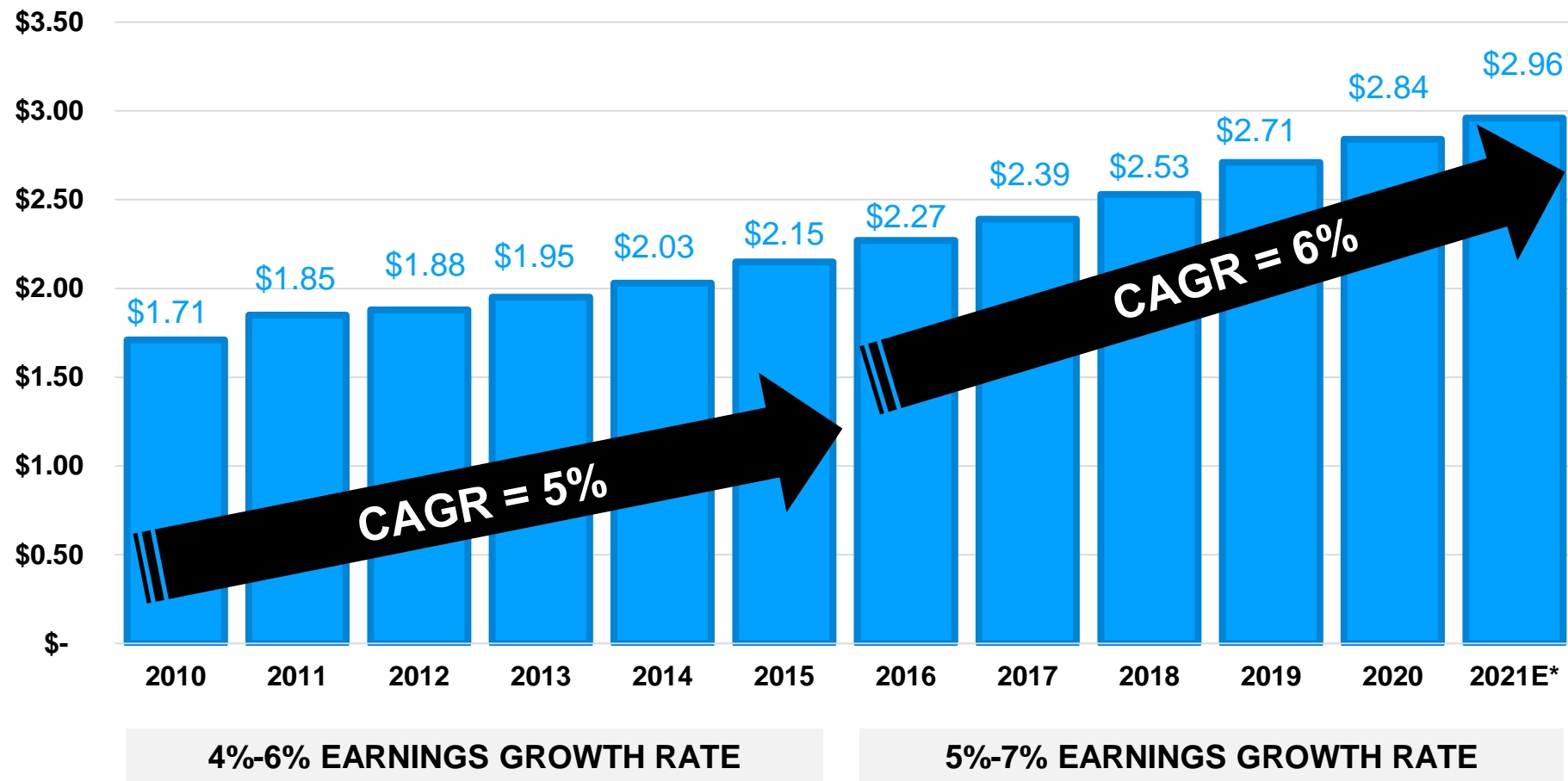
# Over a Decade of Meeting or Exceeding EPS Guidance



Note: Chart is representative of actual operating EPS in comparison to original operating EPS guidance range



# Strong Dividend Growth



- ✓ Targeted payout ratio 60-70% of operating earnings
- ✓ Over 110 years of consecutive quarterly dividends
- ✓ Targeted dividend growth in line with earnings

**EPS Growth + Dividend Yield = 8% to 10% Annual Return Opportunity**

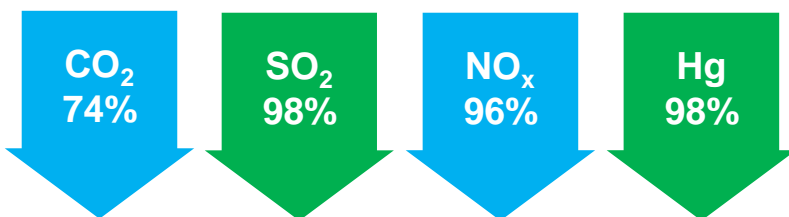
\* Subject to Board approval



# ESG Focus

## ENVIRONMENTAL

- Accelerated carbon emission reduction goals: 80% by 2030, net zero by 2050
- ~\$9B spent on environmental controls since 2000
- 48% reduction in coal capacity by 2030
- Coal capacity = 14% of rate base
- Coal revenue = 13% of total revenue
- Clean energy transition tied to long-term incentive compensation



## SOCIAL

- Diversity and inclusion vision
- Focused on economic and business development in our service territories
- Donated ~\$39M in 2020 to support more than 1,200 community organizations
- Launched a \$5M Delivering the Dream: Social and Racial Justice grant program in 2021
- Zero Harm mentality – zero injuries, zero occupational illnesses and zero fatalities



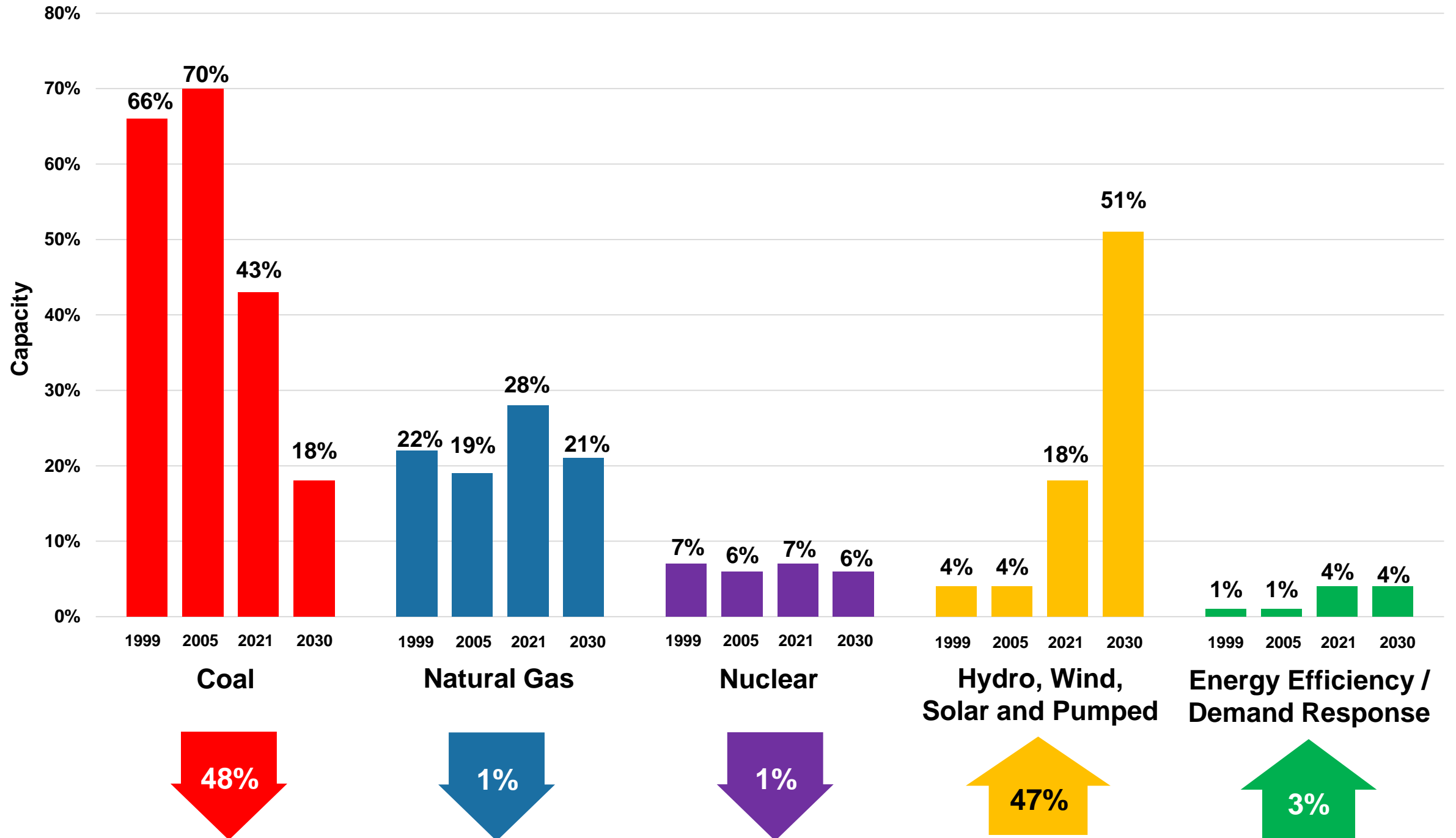
## GOVERNANCE

- 12 directors, 11 are independent, 50% diverse with an average tenure of 8 years
- Annual shareholder engagement on strategy and ESG matters with lead independent director participation
- Environmental reports provided at every Board meeting



Note: See “Environmental, Social & Governance” section for further information

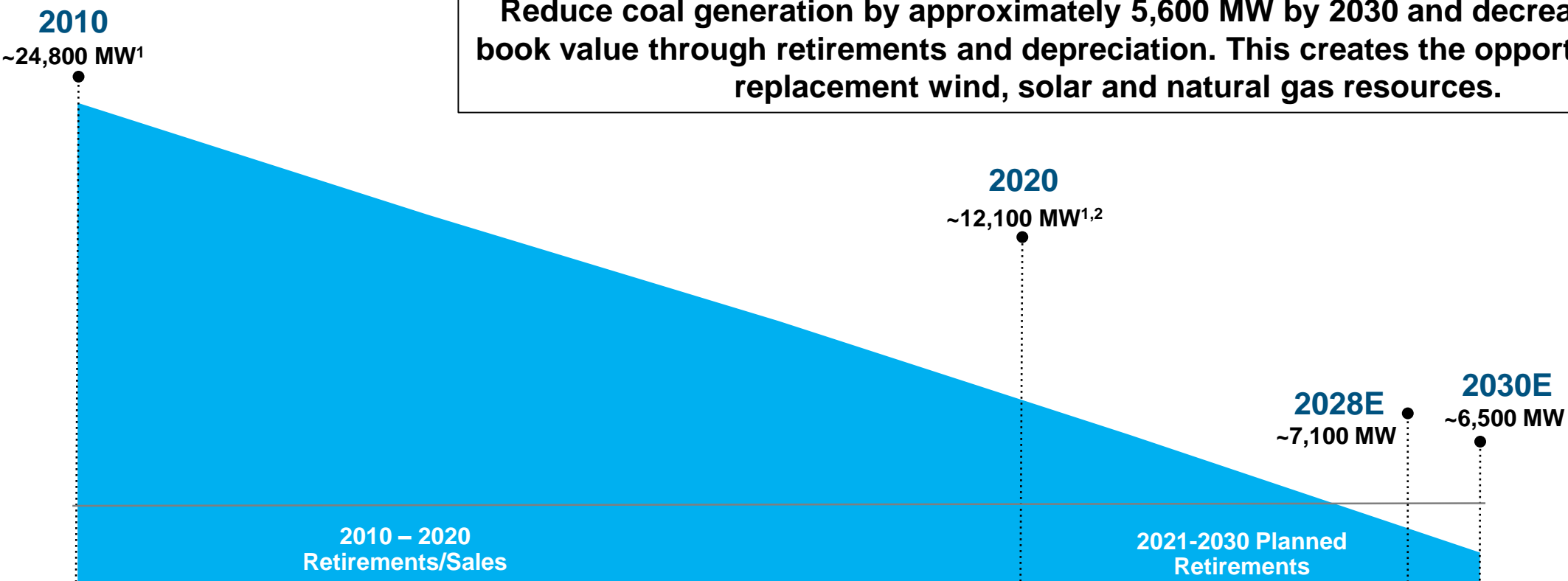
# Transforming Our Generation Fleet



Data as of 5/1/2021. 2030 includes forecasted additions and retirements. Energy Efficiency / Demand Response represents avoided capacity rather than physical assets.

# Retirement Progress and Plans

Reduce coal generation by approximately 5,600 MW by 2030 and decrease coal net book value through retirements and depreciation. This creates the opportunity to own replacement wind, solar and natural gas resources.




**5,574 MW Reduction in Coal Capacity from 2020**  
46%


YEAR	PLANT	CAPACITY	YEAR	PLANT	CAPACITY	YEAR	PLANT	CAPACITY
2011	Sporn 5	450 MW	2015	Tanners Creek 1-4	995 MW	2021	Dolet Hills	257 MW
2012	Conesville 3	165 MW	2016	Big Sandy 1	278 MW	2023	Pirkey	580 MW
2014	Beckjord	53 MW	2016	Clinch River 1 & 2	470 MW	2026	Northeastern 3	469 MW
2015	Big Sandy 2	800 MW	2016	Northeastern 4	470 MW	2028	Rockport 1	1,310 MW
2015	Clinch River 3	235 MW	2016	Welsh 2	528 MW	2028	Rockport 2	1,310 MW
2015	Glen Lyn 5 & 6	335 MW	2017	Gavin 1 & 2	2,640 MW	2028	Welsh	1,053 MW
2015	Kammer 1-3	630 MW	2017	Zimmer	330 MW	2030	Cardinal	595 MW
2015	Kanawha River 1 & 2	400 MW	2018	Stuart 1-4	600 MW			
2015	Muskingum River 1-5	1,440 MW	2019	Conesville 5 & 6	820 MW			
2015	Picway 5	100 MW	2020	Conesville 4	651 MW			
2015	Sporn 1-4	600 MW	2020	Oklunion	460 MW			


<sup>1</sup> Total includes owned coal units and the Rockport 2 lease  
<sup>2</sup> Includes 2012 Turk Plant addition

# Future Forward - Advancing Towards a Clean Energy Future

## Projected Regulated Resource Additions

SOLAR ADDITIONS (MW) 					
Company	2021 – 2025	2026 – 2030	Total	Prior Total (2020 EEI)	Incremental Solar Opportunity
APCo	210	450	660	710	(50)
I&M	450	450	900	1,300	(400)
KPCo	150	300	450	273	177
PSO	1,350	2,250	3,600	1,211	2,389
SWEPCO	300	-	300	300	-
<b>Total</b>	<b>2,460</b>	<b>3,450</b>	<b>5,910</b>	<b>3,794</b>	<b>2,116</b>

WIND ADDITIONS (MW) 					
Company	2021 – 2025	2026 – 2030	Total	Prior Total (2020 EEI)	Incremental Wind Opportunity
APCo	1,800 <sup>1</sup>	-	1,800 <sup>1</sup>	600	1,200 <sup>1</sup>
I&M	800	-	800	750	50
KPCo	500	500	1,000	200	800
PSO	1,975 <sup>2</sup>	1,300	3,275 <sup>2</sup>	1,275 <sup>2</sup>	2,000
SWEPCO	2,310 <sup>2</sup>	1,500	3,810 <sup>2</sup>	1,410 <sup>2</sup>	2,400
<b>Total</b>	<b>7,385<sup>2</sup></b>	<b>3,300</b>	<b>10,685<sup>2</sup></b>	<b>4,235<sup>2</sup></b>	<b>6,450</b>

NATURAL GAS ADDITIONS (MW) 					
Company	2021 – 2025	2026 – 2030	Total	Prior Total (2020 EEI)	Incremental Nat. Gas Opportunity
I&M	-	952	952	824	128
PSO	-	251	251	783	(532)
SWEPCO	-	1,063	1,063	-	1,063
<b>Total</b>	<b>-</b>	<b>2,266</b>	<b>2,266</b>	<b>1,607</b>	<b>659</b>

<sup>1</sup> Includes 600 MW at WPCo

<sup>2</sup> Includes 1,485 MW North Central Wind project (675 MW at PSO and 810 MW at SWEPCO) of which Sundance for 199 MW was placed into service on 4/14/21

### TOTAL PROJECTED RESOURCE ADDITIONS (MW)

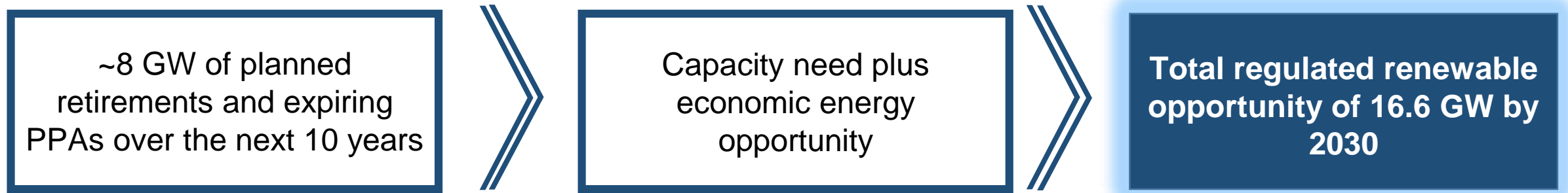
Resource	2021-2030
Solar	5,910
Wind	10,685
Natural Gas	2,266
<b>Total</b>	<b>18,861</b>

**Total regulated renewable opportunity of 16.6 GW by 2030**

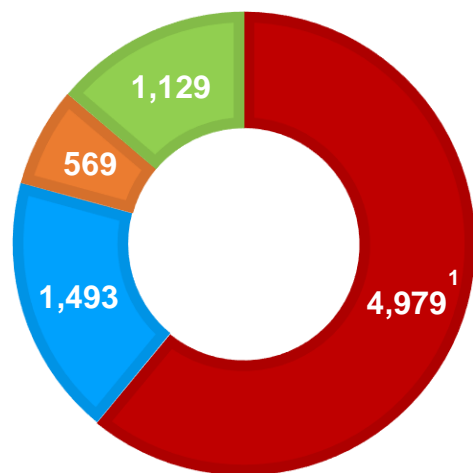
**An 8.6 GW increase since 2020 EEI update**

Projected regulated resource additions current as of 3/31/21. AEP operating companies will continue to develop Integrated Resource Plans (IRPs) over the near-term and long-term in collaboration with stakeholders.

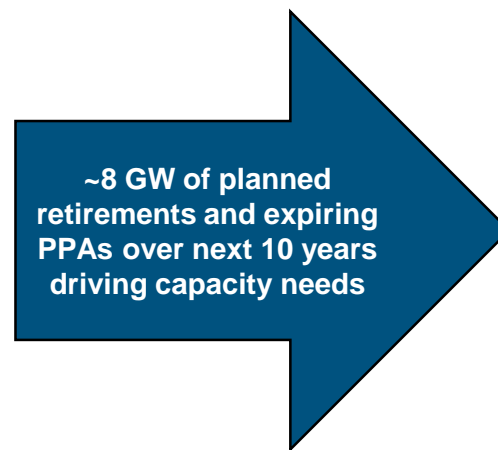
# Future Forward - Advancing Towards a Clean Energy Future



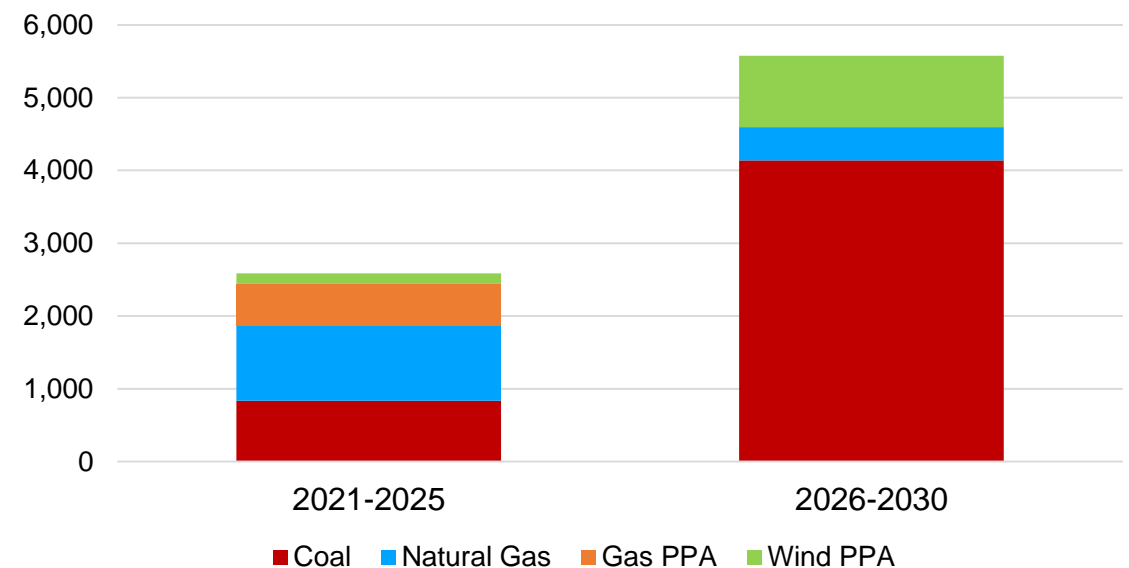
Regulated Generation Retirement and PPA Expirations (MW) 2021-2030



■ Coal ■ Natural Gas ■ Natural Gas PPAs ■ Wind PPAs



AEP Regulated Operating Companies Projected Retirement and PPA Expirations (MW)



Of the 16.6 GW of renewables opportunities identified, ~2 GW<sup>2</sup> are in AEP's 2021-2025 capital plan.

To date, requests for proposals (RFPs) have been issued for 3.7 GW<sup>3</sup> of owned renewable resources.

<sup>1</sup> Does not include retirement of the 595 MW Cardinal plant in 2030 which is part of AEP's unregulated generation fleet

<sup>2</sup> Primarily inclusive of the 1,485 MW North Central Wind project and 2020/2021 RFPs issued at APCo for 355 MW related to the Virginia Clean Economy Act

<sup>3</sup> Represents 2020/2021 RFPs issued at APCo for 355 MW and 2021 RFP issued at SWEPCO for 3.3 GW

# North Central Wind Overview



## APPROVED MW ALLOCATION

Jurisdiction (Docket #)	MW	% of Project
PSO (PUD 2019-00048)	675	45.5%
SWEPCO – AR (19-035-U)	268	18.1%
SWEPCO – LA (U-35324)	464	31.2%
SWEPCO - FERC	78	5.2%
Total:	1,485	100%

## SWEPCO AND PSO REGULATED WIND INVESTMENT

Total Rate Base Investment	~\$2 billion (1,485 MW)			
North Central Wind	<u>Name</u>	<u>MW</u>	<u>Investment</u>	<u>Target Date</u>
	Sundance	199	\$307M	Apr. 14, 2021 (100% PTC)
	Maverick	287	\$402M	Dec. 2021 (80% PTC)
	Traverse	999	\$1,287M	Dec. 2021 to Apr. 2022 (80% PTC)
Net Capacity Factor	44%			
Customer Savings	~\$3 billion (30-year nominal \$)			
Developer	Invenergy			
Turbine Supplier	GE			

Note: Facilities acquired on a fixed cost, turn-key basis at completion

**Regulatory approvals achieved in  
Oklahoma, Louisiana, Arkansas and at  
FERC**

# O&M Optimization

INITIATIVES	ACTIONS
Achieving Excellence Program	<ul style="list-style-type: none"> <li>• <b>Employee based O&amp;M prioritization and optimization effort</b></li> <li>• <b>Driven down costs in 2020 &amp; beyond, initial results imbedded in budgets</b></li> <li>• <b>Program was transitioned from EHS partners to internal resources and will continue annually</b></li> <li>• <b>2021 Program</b> – New O&amp;M savings ideas, evaluation of further study ideas and Future of Work opportunities</li> <li>• <b>Future of Work</b> – Optimization of Value Streams (end-to-end work flow)</li> </ul>
Lean Management System Implementation/Continuous Process Improvement	<ul style="list-style-type: none"> <li>• <b>Distribution</b> – Enhanced reliability to reduce O&amp;M and improve storm hardening</li> <li>• <b>Supply chain</b> – Optimize the material requisition process to improve material lead times, reducing stock and increasing crew productivity</li> <li>• <b>Fleet operations</b> – Reduce the number of vehicle platforms and optimize the acquisition process</li> <li>• <b>Generation (system productivity)</b> – Optimize plant systems and operations</li> </ul>
Data Analytics	<ul style="list-style-type: none"> <li>• <b>Workforce optimization</b> – Employee/contractor mix</li> <li>• <b>Hot socket model</b> – Using AMI data to preemptively identify meters at risk</li> <li>• <b>Revenue protection</b> – Detecting meter tampering</li> <li>• <b>Frequency regulation</b> – Analysis of PJM bidding strategies</li> </ul>
Automation	<ul style="list-style-type: none"> <li>• <b>Scrap metal billing and management</b></li> <li>• <b>Service Corp billing allocation factors</b></li> <li>• <b>No-bill workflow assignment process</b></li> <li>• <b>Customer workflow scheduling</b></li> </ul>
Digital Tools	<ul style="list-style-type: none"> <li>• <b>Generation Monitoring and Diagnostic Center</b> – Predictive capabilities that save O&amp;M and capital</li> </ul>
Use of Drones	<ul style="list-style-type: none"> <li>• <b>Storm damage assessment</b></li> <li>• <b>Real estate and land surveys</b></li> <li>• <b>Transmission facility inspections, construction monitoring and documentation</b></li> <li>• <b>Telecommunication tower inspections</b></li> <li>• <b>Cooling tower and boiler inspections</b></li> </ul>
Outsourcing	<ul style="list-style-type: none"> <li>• <b>Accounting and tax initiative</b></li> <li>• <b>Rapid application and information support</b></li> <li>• <b>Lockbox for customer payments by check</b></li> </ul>
Workforce Planning	<ul style="list-style-type: none"> <li>• <b>Approximately 4,000 employees will retire or leave in the next 5 years</b></li> </ul>
Strategic Sourcing	<ul style="list-style-type: none"> <li>• <b>Reducing cost through procurement category management</b> – Continuing to mature our Category Management program and aggressively using strategic sourcing opportunities to optimize the value AEP receives from the \$6B spent annually on goods and services</li> </ul>

# POSITIONING FOR THE FUTURE

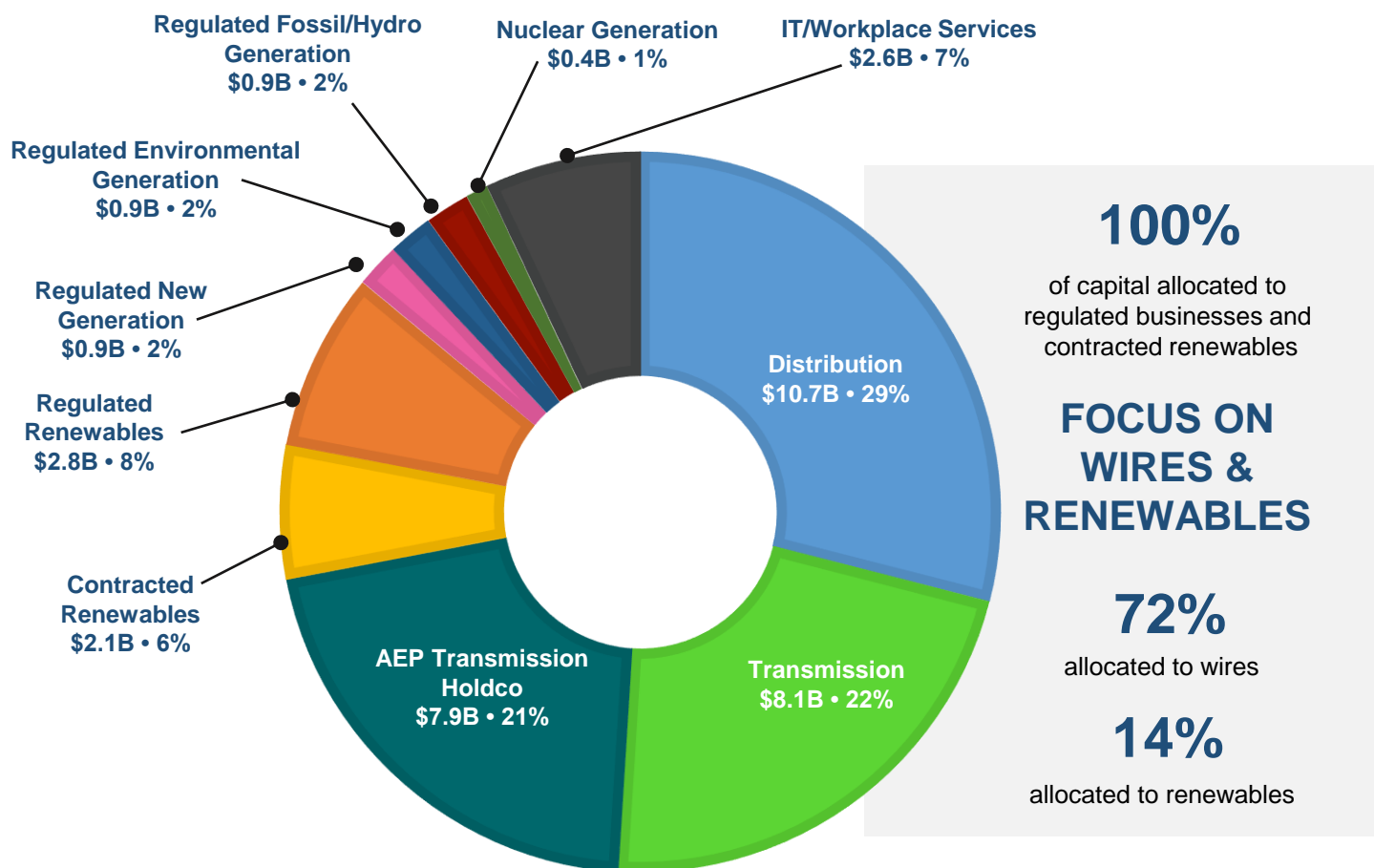
- 2021-2025 Capital Forecast
- Cash Flows and Financial Metrics
- Rate Base Growth
- Efficient Cost Recovery Mechanisms





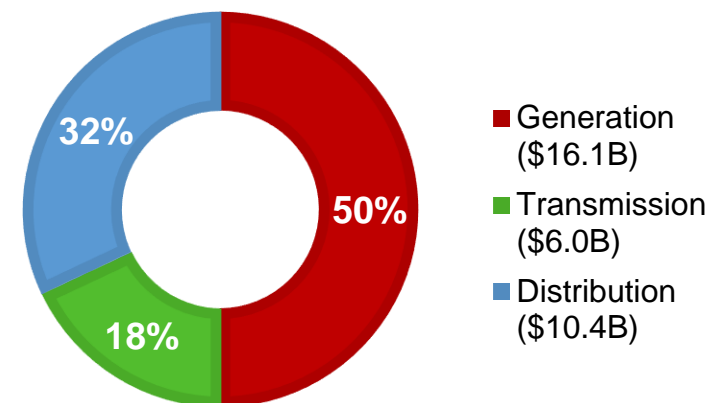
# 2021 - 2025 Capital Forecast of \$37B and Net Plant

## 2021-2025 Capital Forecast

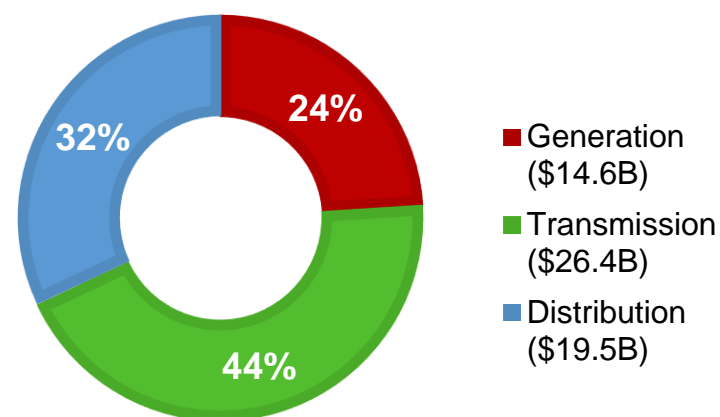


## Historical Net Plant Profiles

### 2010 (Total \$32.5B)



### 2020 (Total \$60B)



# 2021-2025 Capital Forecast by Subsidiary

\$ in millions (excludes AFUDC)	2021E	2022E	2023E	2024E	2025E	TOTAL
Appalachian Power Company	\$ 878	\$ 1,182	\$ 986	\$ 916	\$ 1,002	\$ 4,964
Wheeling Power Company	\$ 37	\$ 68	\$ 65	\$ 38	\$ 32	\$ 240
Kingsport Power Company	\$ 21	\$ 20	\$ 19	\$ 18	\$ 18	\$ 96
Indiana Michigan Power Company	\$ 575	\$ 547	\$ 965	\$ 603	\$ 717	\$ 3,407
Kentucky Power Company	\$ 176	\$ 219	\$ 189	\$ 183	\$ 231	\$ 998
AEP Ohio	\$ 819	\$ 758	\$ 787	\$ 874	\$ 820	\$ 4,058
Public Service Company of Oklahoma	\$ 726	\$ 1,130	\$ 467	\$ 376	\$ 920	\$ 3,619
Southwestern Electric Power Company	\$ 848	\$ 1,101	\$ 519	\$ 561	\$ 634	\$ 3,663
AEP Texas Company	\$ 1,225	\$ 1,094	\$ 1,072	\$ 1,293	\$ 1,385	\$ 6,069
AEP Generating Company	\$ 32	\$ 25	\$ 20	\$ 19	\$ 19	\$ 115
AEP Transmission Holdco	\$ 1,597	\$ 1,406	\$ 1,337	\$ 1,638	\$ 1,909	\$ 7,887
Generation & Marketing	\$ 501	\$ 412	\$ 415	\$ 418	\$ 348	\$ 2,094
Other	\$ 32	\$ 25	\$ 24	\$ 17	\$ 2	\$ 100
<b>Total Capital and Equity Contributions</b>	<b>\$ 7,467</b>	<b>\$ 7,987</b>	<b>\$ 6,865</b>	<b>\$ 6,954</b>	<b>\$ 8,037</b>	<b>\$ 37,310</b>

Capital plans are continuously optimized which may result in redeployment between functions and companies

# Cash Flows and Financial Metrics

\$ in millions	2021E	2022E	2023E
Cash from Operations	\$ 3,800	\$ 6,000	\$ 6,400
Capital & JV Equity Contributions <sup>1</sup>	(7,500)	(8,000)	(6,900)
Other Investing Activities	(300)	(300)	(300)
Common Dividends <sup>2</sup>	(1,400)	(1,500)	(1,500)
<b>Required Capital</b>	<b>\$ (5,400)</b>	<b>\$ (3,800)</b>	<b>\$ (2,300)</b>
<b>Financing</b>			
Required Capital	\$ (5,400)	\$ (3,800)	\$ (2,300)
Debt Maturities (Senior Notes, PCRBs)	(2,000)	(3,000)	(1,400)
Securitization Amortizations	(100)	(100)	(100)
Equity Units Conversion	-	805	850
Equity Issuances – Includes DRP <sup>3</sup>	600	1,400	100
<b>Debt Capital Market Needs (New)</b>	<b>\$ (6,900)</b>	<b>\$ (4,695)</b>	<b>\$ (2,850)</b>
<b>Financial Metrics</b>			
Debt to Capitalization (GAAP)	Approximately 60%		
FFO/Total Debt (Moody's)	2021 pressured by Storm Uri; long-term target remains at low to mid teens		

<sup>1</sup> Capital expenditures in 2021 include \$709M for North Central Wind's Sundance and Maverick projects. Expenditures in 2022 include \$1.287B for North Central Wind's Traverse project.

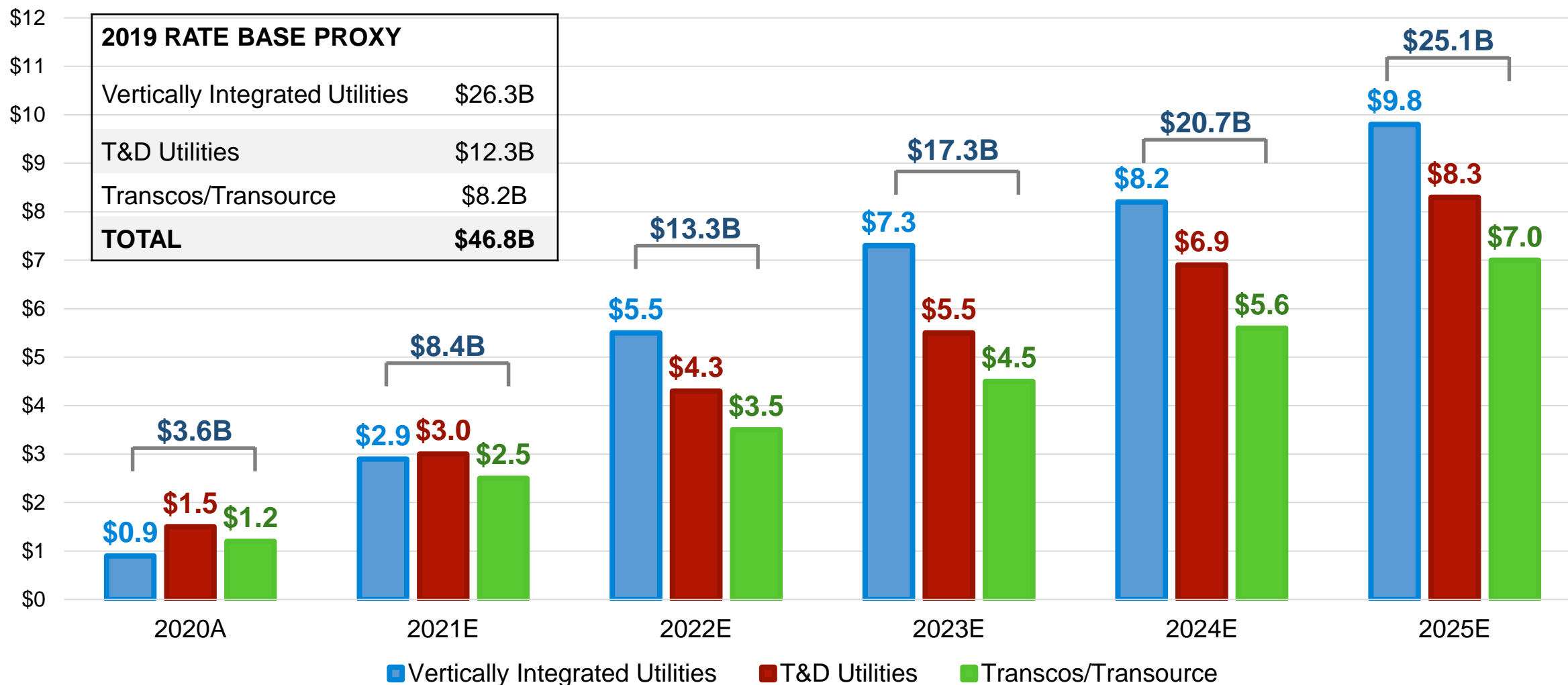
<sup>2</sup> Common dividends increased to \$0.74 per share Q4-20; \$2.96/share 2021-2023. Dividends evaluated by Board of Directors each quarter; stated target payout ratio range is 60%-70% of operating earnings. Targeted dividend growth in line with earnings.

<sup>3</sup> Equity needs in 2021 include approximately \$500M for North Central Wind's Sundance and Maverick projects. Equity needs in 2022 include approximately \$800M for North Central Wind's Traverse project. Total equity needs for the project are \$1.3B.

Actual cash flows will vary by company and jurisdiction based on regulatory outcomes.

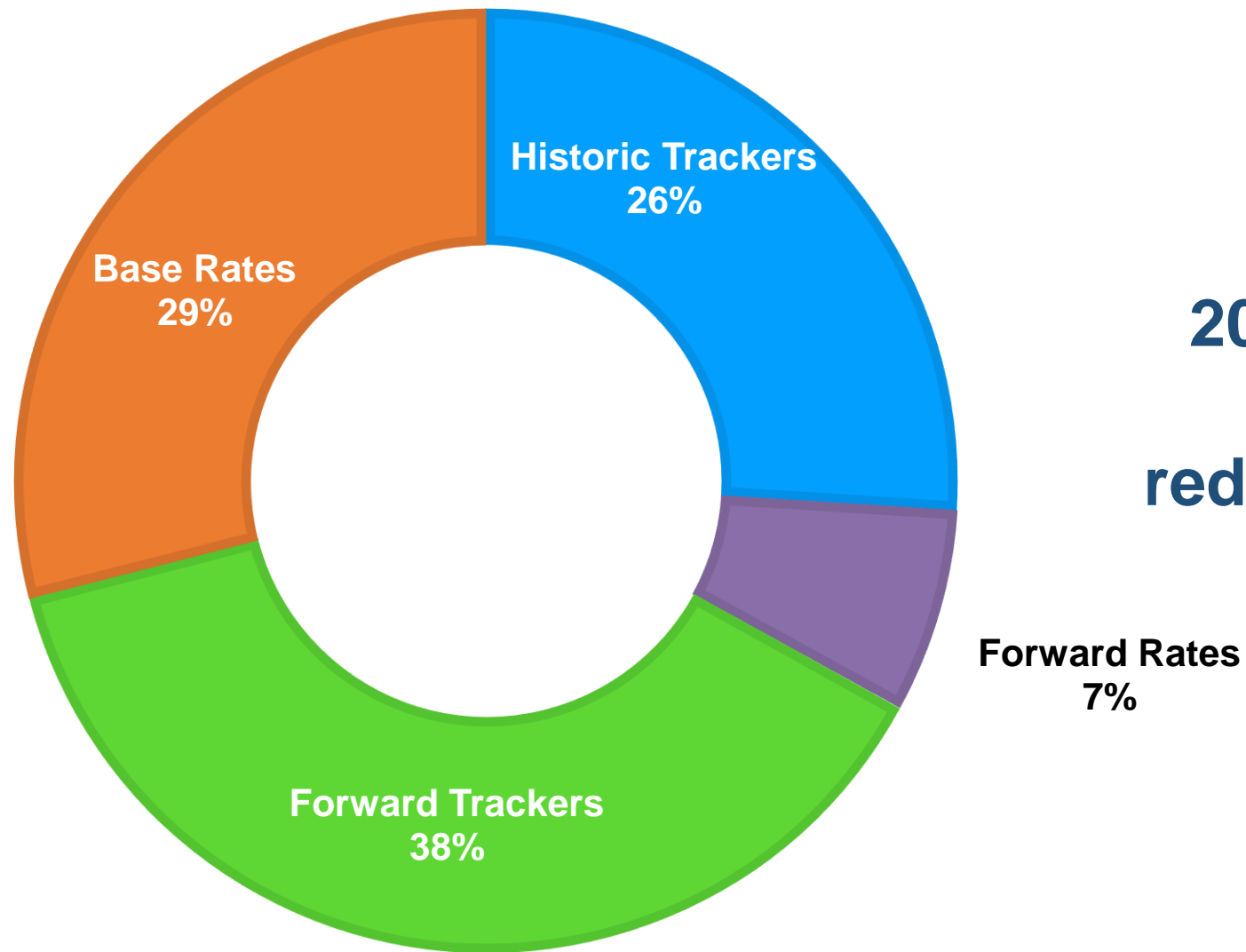
# 7.4% CAGR in Rate Base Growth

## CUMULATIVE CHANGE FROM 2019 BASE



5%-7% EPS growth is predicated on regulated rate base growth

# Efficient Cost Recovery Mechanisms



**More than 70% of  
2021-2025 capital plan  
recovered through  
reduced lag mechanisms**

# FINANCIAL INFORMATION

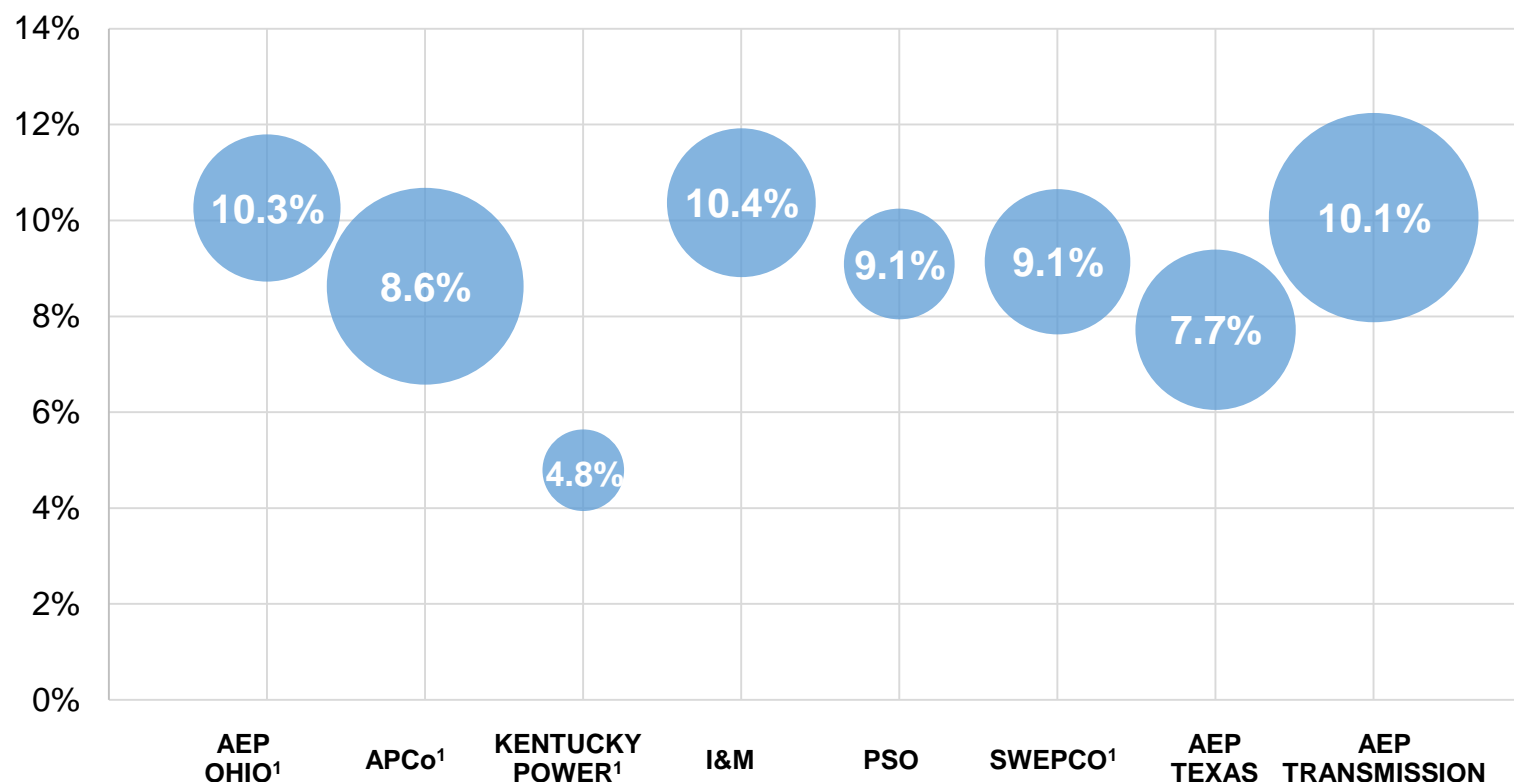
- Regulated Returns and Authorized Equity Layers
- Q1 2021 Operating Earnings Detail
- Current Rate Case Activity
- Untracked O&M
- Normalized Load Trends
- Capitalization and Liquidity
- 2021 Debt Issuances and Maturities
- Credit Ratings

```
[cpu] done / done / password found / operation 129 227  
[cpu] negative / negative / [not found] / operation 2289 4  
[cpu] done / negative / error 001  
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[cpu] done / done / access / complete / operation 122 334  
[cpu] error  
[cpu] negative / analyzing / operation 552 390  
[cpu] preparation complete / code xxx000x0xx0x0
```



# Regulated Returns and Authorized Equity Layers

**Twelve Months Ended 3/31/2021 Earned ROE's**  
(non-GAAP operating earnings, not weather normalized)



**Authorized Equity Layers**  
(in whole percentages)

Operating Company	3/31/17	3/31/21	Improvement
AEP Ohio <sup>2</sup>	48%	54%	6%
APCo – VA	43%	50%	7%
APCo – WV	47%	50%	3%
PSO <sup>2</sup>	44%	53%	9%
SWEPCO – AR	46%	48%	2%
SWEPCO – LA <sup>2</sup>	47%	51%	4%
AEP Texas	40%	43%	3%
AEP Transmission	50%	55%	5%

**Regulated Operations ROE of 9.1%**  
(as of March 31, 2021)

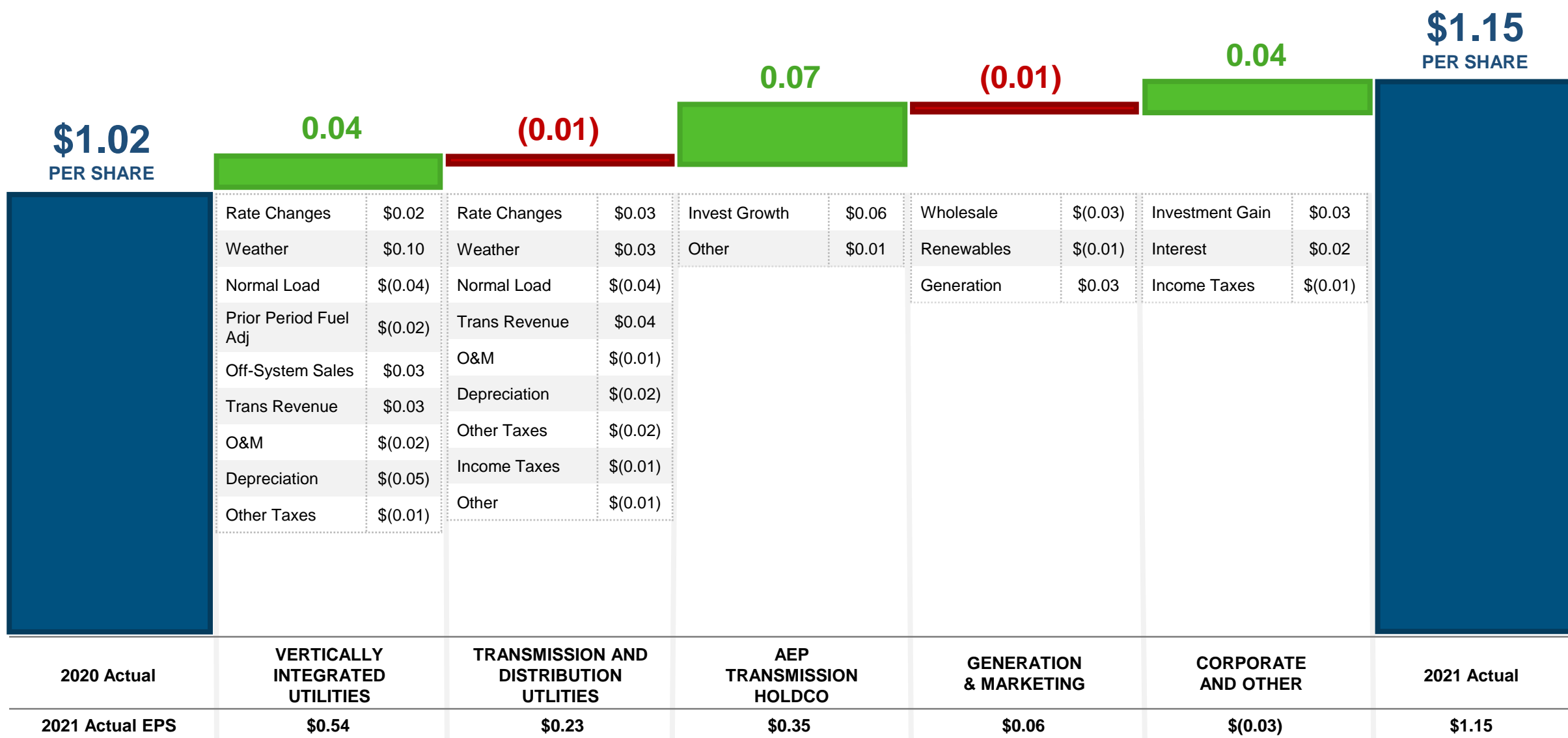
**Improving Our  
Authorized Equity  
Layers Over Time**

<sup>1</sup> Base rate cases pending/order recently received

<sup>2</sup> 3/31/21 data represents equity layers as requested in pending base rate cases, except for PSO, which shows the equity layer as requested in a base rate case filed on 4/30/21

*Sphere size based on each company's relative equity balance*

# 1<sup>st</sup> Quarter Operating Earnings Segment Detail





# Current Rate Case Activity

## AEP Ohio

Docket #	20-0585-EL-AIR
Filing Date	6/1/2020
Requested Revenue Increase	\$402M
Requested Rate Base	\$3.105B
Requested ROE	10.15%
Cap Structure	45.6%D / 54.4%E
Net Revenue Increase	\$41M <sup>1</sup>
Test Year	11/30/2020
<u>Settlement Summary</u>	Pending Commission Approval
Settlement Filed	3/12/2021
Settlement Hearing	5/12/2021
Revenue Increase	\$295M
Rate Base	\$3.088B
ROE	9.7%
Cap Structure	45.6%D / 54.4%E
Net Revenue Decrease	\$64M <sup>1</sup>
Expected Commission Order	Q3-21

<sup>1</sup> Approximately \$60M of the filed vs. settled difference reflects the discontinuation of EE/DSM programs and movement of certain items from base rates to riders; no earnings impact.



## APCo - Virginia

Docket #	PUR-2020-00015
Filing Date	3/31/2020
Requested Rate Base	\$2.5B
Requested ROE	9.9%
Cap Structure	50%D / 50%E
Gross Revenue Increase	\$65M (Less \$27M D&A)
Net Revenue Increase	\$38M
Test Year	12/31/2019
<u>Commission Order Summary</u> <sup>2</sup>	
Order Received	11/24/2020
Effective Date	1/23/2021
ROE	9.2%
Cap Structure	50%D / 50%E
Gross Revenue Increase	\$0M (Less \$25.5M D&A)
Net Revenue Decrease	\$25.5M

<sup>2</sup> APCo immediately filed an appeal of the commission order with the Virginia Supreme Court. While the court declined to expedite the appeal schedule and grant interim rates, the appeal remains on the normal timeline with a result expected in 2022.



## KPCo

Docket #	2020-00174
Filing Date	6/29/2020
Requested Rate Base	\$1.4B
Requested ROE	10%
Cap Structure	53.7%D / 3.0%AR / 43.3%E
Net Revenue Increase	\$65M
Test Year	3/31/2020
<u>Commission Order Summary</u> <sup>3</sup>	
Order Received	1/13/2021
Effective Date	1/14/2021
ROE	9.3%
Cap Structure	53.7%D / 3.0%AR / 43.3%E
Net Revenue Increase	\$52M

<sup>3</sup> On 3/12/2021, KPCo filed an appeal with the Franklin County Circuit Court, Commonwealth of Kentucky, related to basic rate design items.



# Current Rate Case Activity

## PSO

Docket #	202100055
Filing Date	4/30/2021
Requested Rate Base	\$3.293B
Requested ROE	10.0%
Cap Structure	47.0%D / 53.0%E
Gross Revenue Increase	\$172M <sup>1</sup> (Less \$57M D&A)
Net Revenue Increase	\$115M
Test Year	12/31/2020
<u>Procedural Schedule</u>	
Intervenor Testimony	8/13/2021
Rebuttal Testimony	8/27/2021
Hearing	9/28/2021
Expected Commission Order	Q4-21

<sup>1</sup> Does not include \$71M of current riders moving to base rates



## SWEPCO - Louisiana

Docket #	U-35441
Filing Date	12/18/2020
Requested Rate Base	\$2.1B
Requested ROE	10.35%
Cap Structure	49.2%D / 50.8%E
Gross Revenue Increase	\$134M (Less \$41M D&A)
Net Revenue Increase	\$93M
Test Year	12/31/2019 <sup>2</sup>
<u>Procedural Schedule</u>	
Intervenor Testimony	7/21/2021
Rebuttal Testimony	9/27/2021
Hearing	1/18/2022
Expected Commission Order	Q1-22

<sup>2</sup> Includes proposed pro-forma adjustment to plant in-service through 12/31/2020



## SWEPCO - Texas

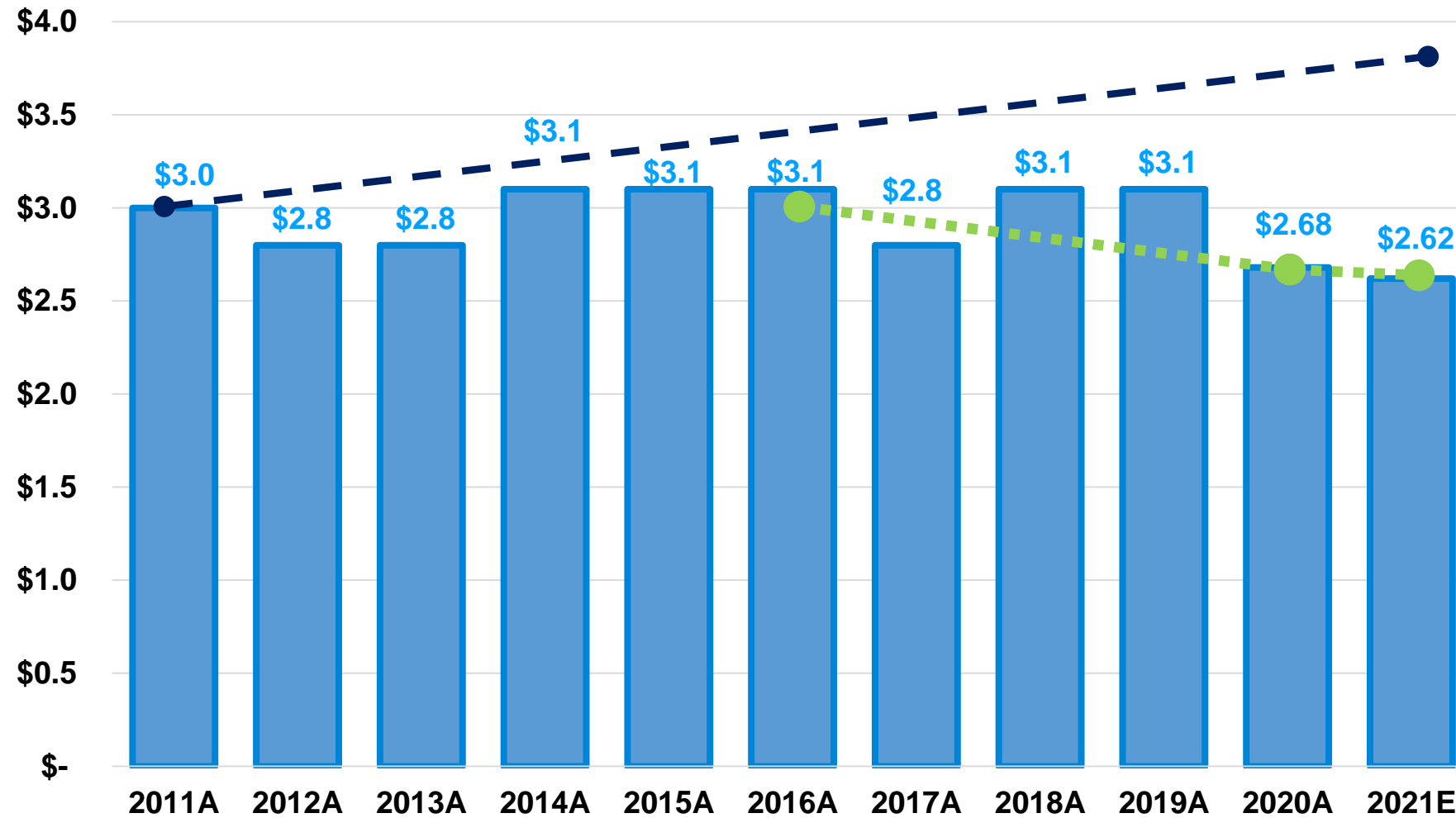
Docket #	51415
Filing Date	10/13/2020
Requested Rate Base	\$2.0B
Requested ROE	10.35%
Cap Structure	50.6%D / 49.4%E
Gross Revenue Increase	\$90M <sup>3</sup> (Less \$17M D&A)
Net Revenue Increase	\$73M
Test Year	3/31/2020
<u>Procedural Schedule</u>	
Hearing	5/19/2021
Expected Commission Order	Q4-21

<sup>3</sup> Does not include \$15M of current riders moving to base rates



# Untracked O&M

(in billions)

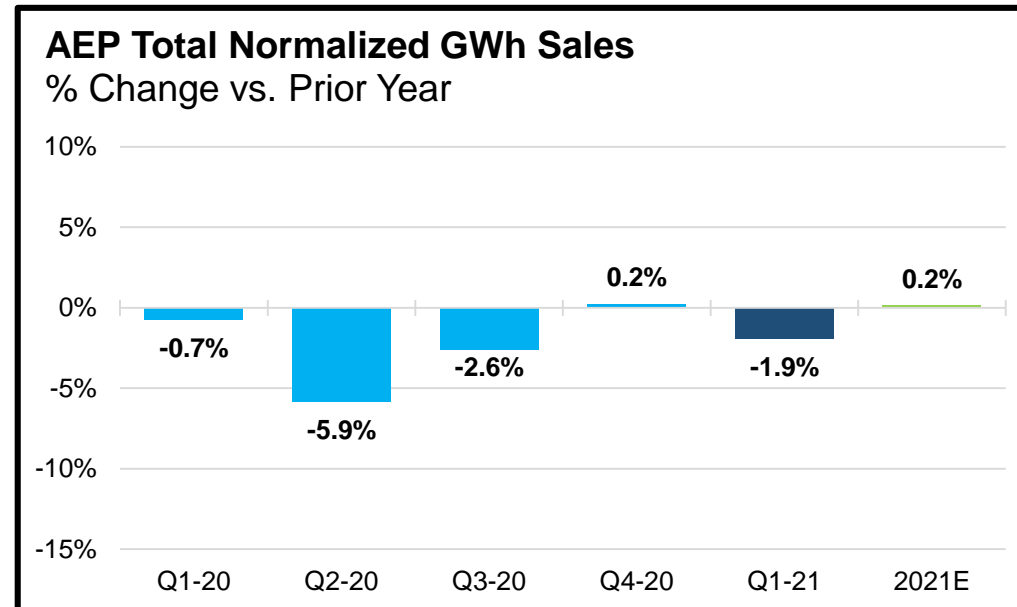
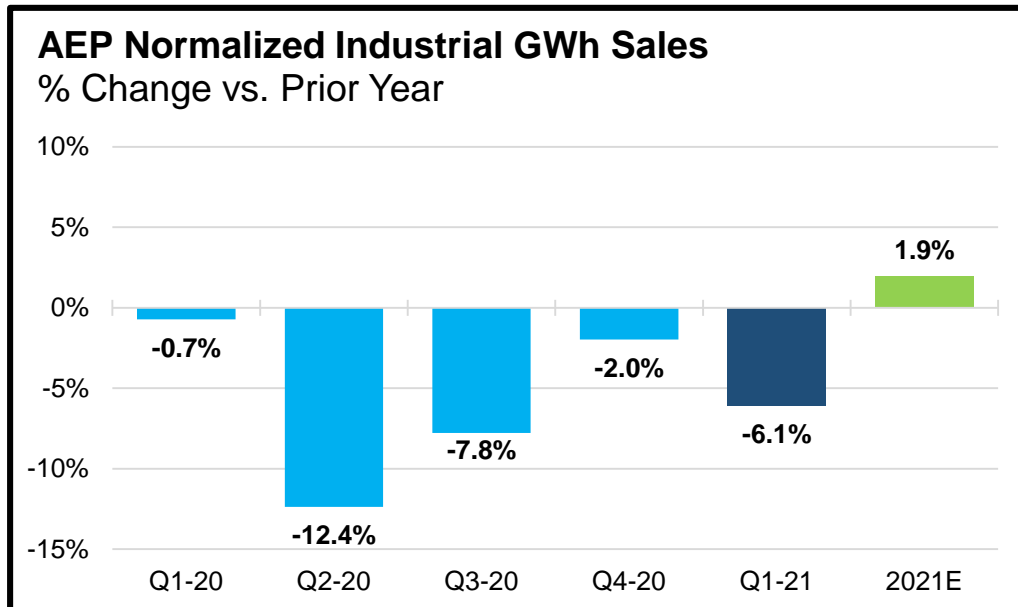
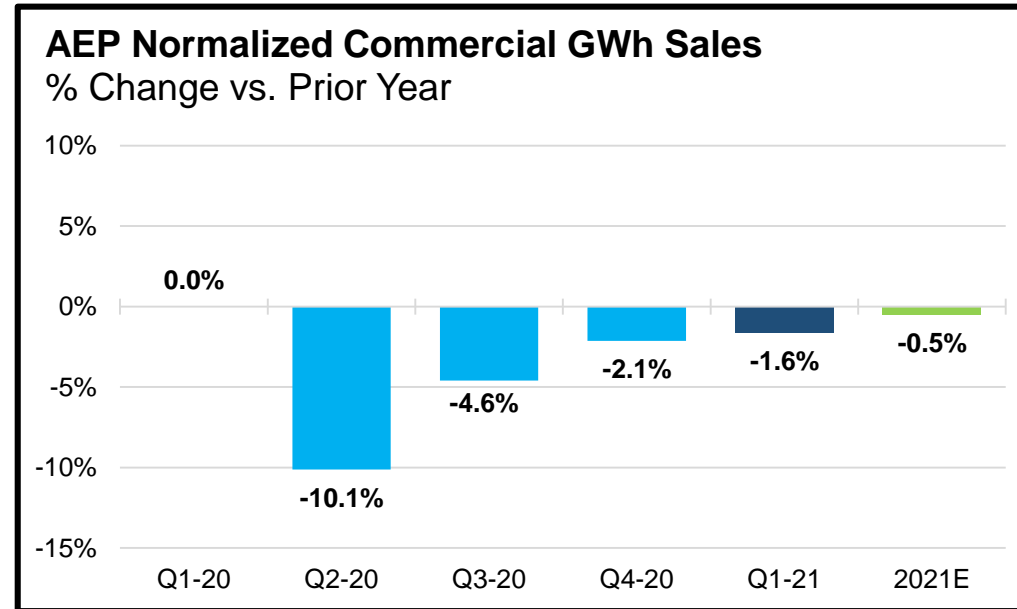
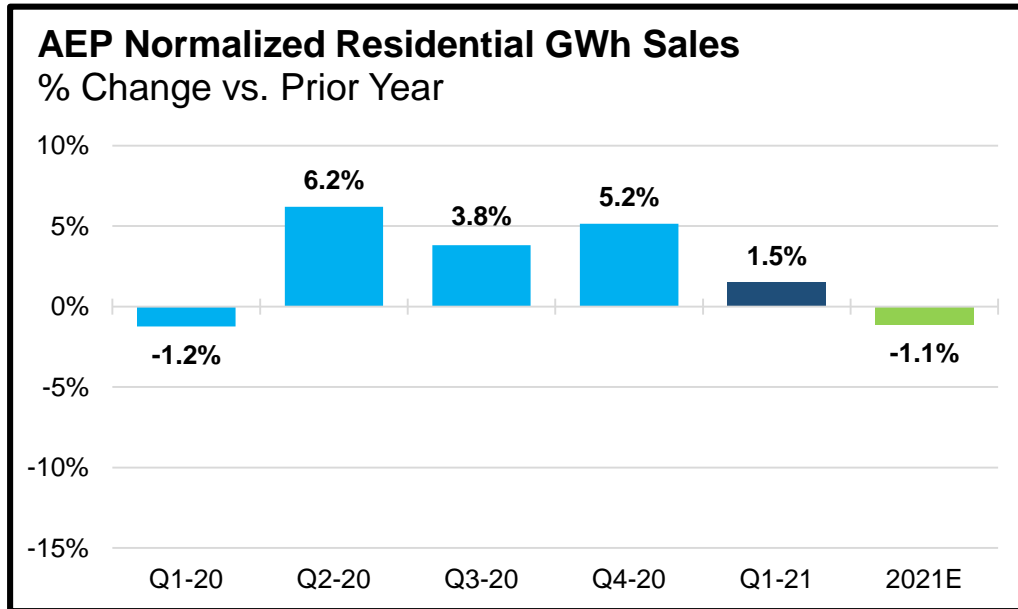


■ Actuals/2021 Estimate    
 ●-● Inflation @ 2%    
 ●-● Bending the Curve Trajectory

O&M focuses on bending the O&M curve down

O&M actual spend represents adjusted spend throughout each year as needed

# Weather Normalized Billed Retail Load Trends

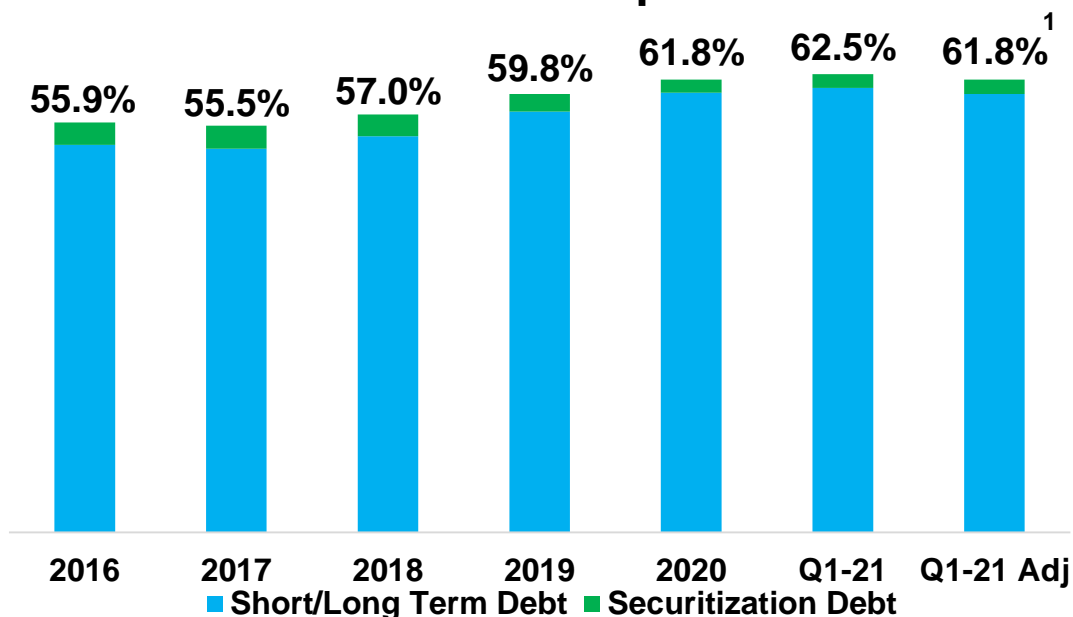


Load figures are provided on a billed basis. Charts reflect connected load and exclude firm wholesale load.

Note: Q1-20 GWh sales were primarily at pre-pandemic levels in comparison to Q1-21 GWh sales. Also, Q1-21 industrial GWh sales were down -6.1% vs. Q1-20 largely due to the one-time storm event which impacted AEP's western service territory by -12.8%. Comparatively, AEP's eastern service territory was down -2.6%.

# Capitalization & Liquidity

## Total Debt/Total Capitalization



## Credit Statistics

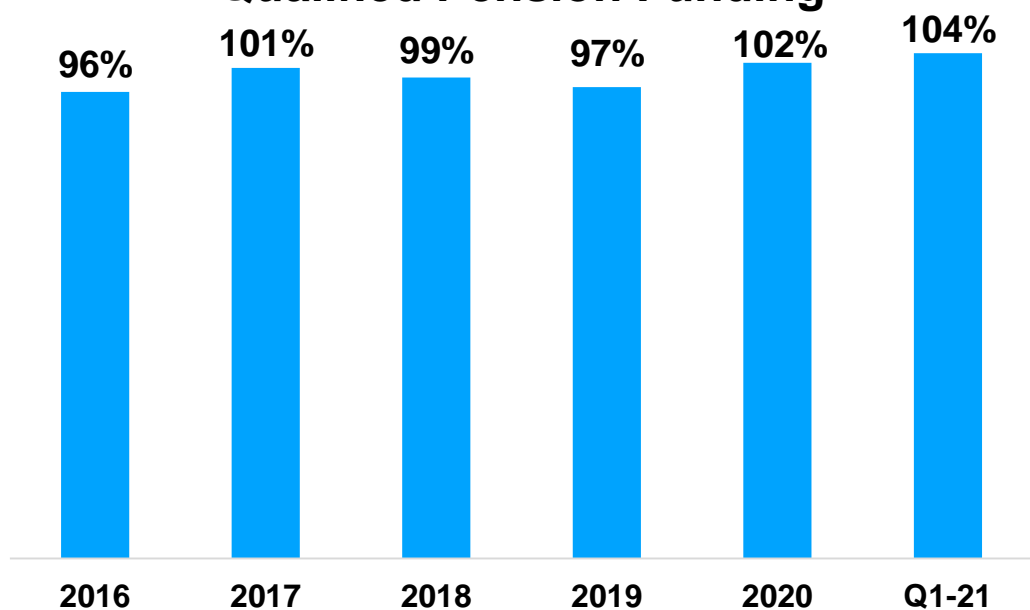
	Moody's	GAAP
FFO to Total Debt	9.1%	8.9%
Adj FFO to Total Debt <sup>1</sup>	12.9%	12.7%
Long-Term Target	Low to Mid Teens	

*Represents the trailing 12 months as of 3/31/2021*

## Liquidity Summary

(\$ in millions)	3/31/2021 ACTUAL	
	Amount	Maturity
Revolving Credit Facility	\$ 4,000	March 2026
Revolving Credit Facility	1,000	March 2023
364-Day Term Loan	500	March 2022
<b>Plus</b>		
Cash & Cash Equivalents	273	
<b>Less</b>		
Commercial Paper Outstanding	(1,874)	
364-Day Term Loan	(500)	
Letters of Credit Issued	-	
<b>Net Available Liquidity</b>	<b>\$ 3,399</b>	

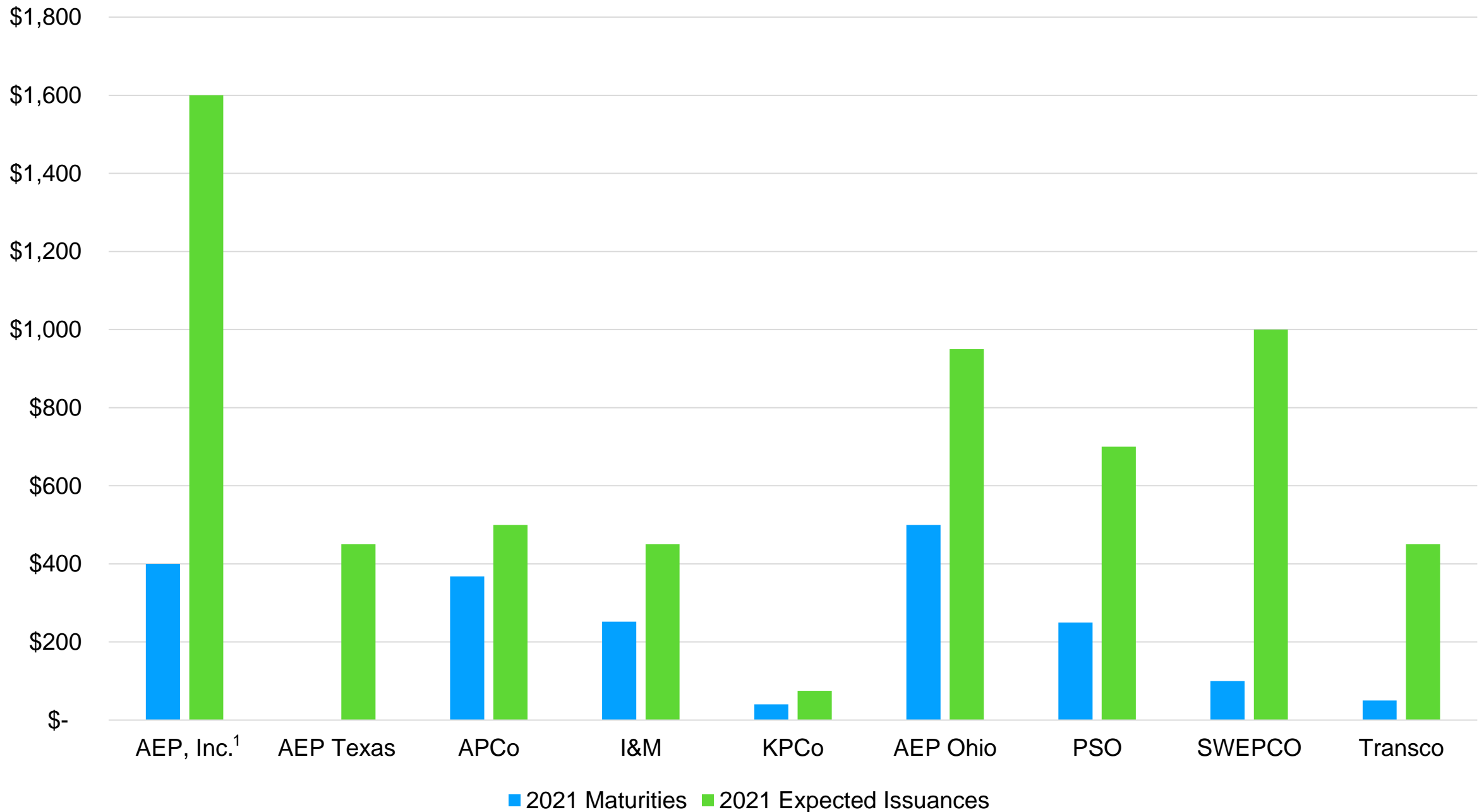
## Qualified Pension Funding



<sup>1</sup> Adjusted data excludes impact of Storm Uri in February that resulted in significant fuel and purchased power costs at PSO and SWEPCO and related incurrence of debt as of 3/31/2021. AEP's credit metrics will see temporary pressure in 2021 as we work through the regulatory recovery process at PSO and SWEPCO. Management is in frequent contact with rating agencies to keep them apprised of all aspects of the business. AEP's long-term FFO to Total Debt target remains at low to mid teens.

# 2021 Debt Issuance and Maturities Overview

(\$ in millions)



<sup>1</sup> In November 2020, due to favorable market conditions, AEP Inc. issued \$1.5B senior unsecured notes and subsequently retired \$1B 364-day term loan, both of which were scheduled to occur in 2021. AEP Inc. maturities and expected issuances for 2021 are now \$400M and \$1.6B, respectively.

# Credit Ratings

## CURRENT RATINGS FOR AEP, INC. & SUBSIDIARIES (as of 5/1/2021)

Company	Moody's		S&P		Fitch	
	Senior Unsecured	Outlook	Senior Unsecured	Outlook	Senior Unsecured	Outlook
American Electric Power Company Inc.	Baa2	S	BBB+	N	BBB+	N
AEP, Inc. Short Term Rating	P2	S	A2	N	F2	N
AEP Texas Inc.	Baa2	S	A-	N	BBB+	S
AEP Transmission Company, LLC	A2	S	A-	N	A	S
Appalachian Power Company <sup>1</sup>	Baa1	S	A-	N	A-	S
Indiana Michigan Power Company <sup>1</sup>	A3	S	A-	N	A-	S
Kentucky Power Company	Baa3	S	BBB+	Note 3	BBB+	S
AEP Ohio	A3	S	A-	N	A	N
Public Service Company of Oklahoma	Baa1	S	A-	N	A-	S
Southwestern Electric Power Company	Baa2	S	A-	N	BBB+	S
Transource Energy <sup>2</sup>	A2	S	NR	NR	NR	NR

<sup>1</sup> In conjunction with the unenhanced VRDN remarketings, APCo and I&M both received short term credit ratings of A-2/P2 from S&P/Moody's

<sup>2</sup> NR stands for Not Rated

<sup>3</sup> KPCo's rating with S&P is on "CreditWatch with developing implications" to reflect to company's potential sale and the uncertainty around its ultimate buyer and the buyer's credit profile

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE

- **Delivering Clean Energy Resources**
- **Emission Reduction Goals**
- **Investment in Environmental Controls**
- **Dramatic Reduction in Emissions**





# Delivering Clean Energy Resources

## AEP's May 1, 2021 Renewable Portfolio (in MW)

HYDRO, WIND, SOLAR & PUMPED STORAGE	OWNED MW	PPA MW	TOTAL MW
AEP Ohio	-	209	209
Appalachian Power Company	785	575	1,360
Indiana Michigan Power Company	56	450	506
Public Service Company of Oklahoma	91	1,137	1,228
Southwestern Electric Power Company	108	469	577
Competitive Wind, Solar & Hydro	1,597	101	1,698
<b>TOTAL</b>	<b>2,637</b>	<b>2,941</b>	<b>5,578</b>



APPROXIMATELY  
**16,300 MW**  
 OF RENEWABLE GENERATION INTERCONNECTED  
 ACROSS THE U.S. VIA AEP'S TRANSMISSION  
 SYSTEM TODAY

# Carbon Emission Reduction Goals

**80%**

**by 2030**

**Net Zero**

**by 2050**

(both from a 2000 baseline)

## AEP's Environmental, Social and Governance (ESG) Reporting:

- Corporate Accountability Report
- Climate Impact Analysis Report (a TCFD report)
- ESG Data Center (featuring 250+ ESG metrics)
- EEI ESG Sustainability Report
- Sustainability Accounting Standards Board (SASB)
- CDP Survey Responses
- GRI Report
- AEP also responds to investor-related surveys, including MSCI and Sustainalytics

## Strategy to Achieve

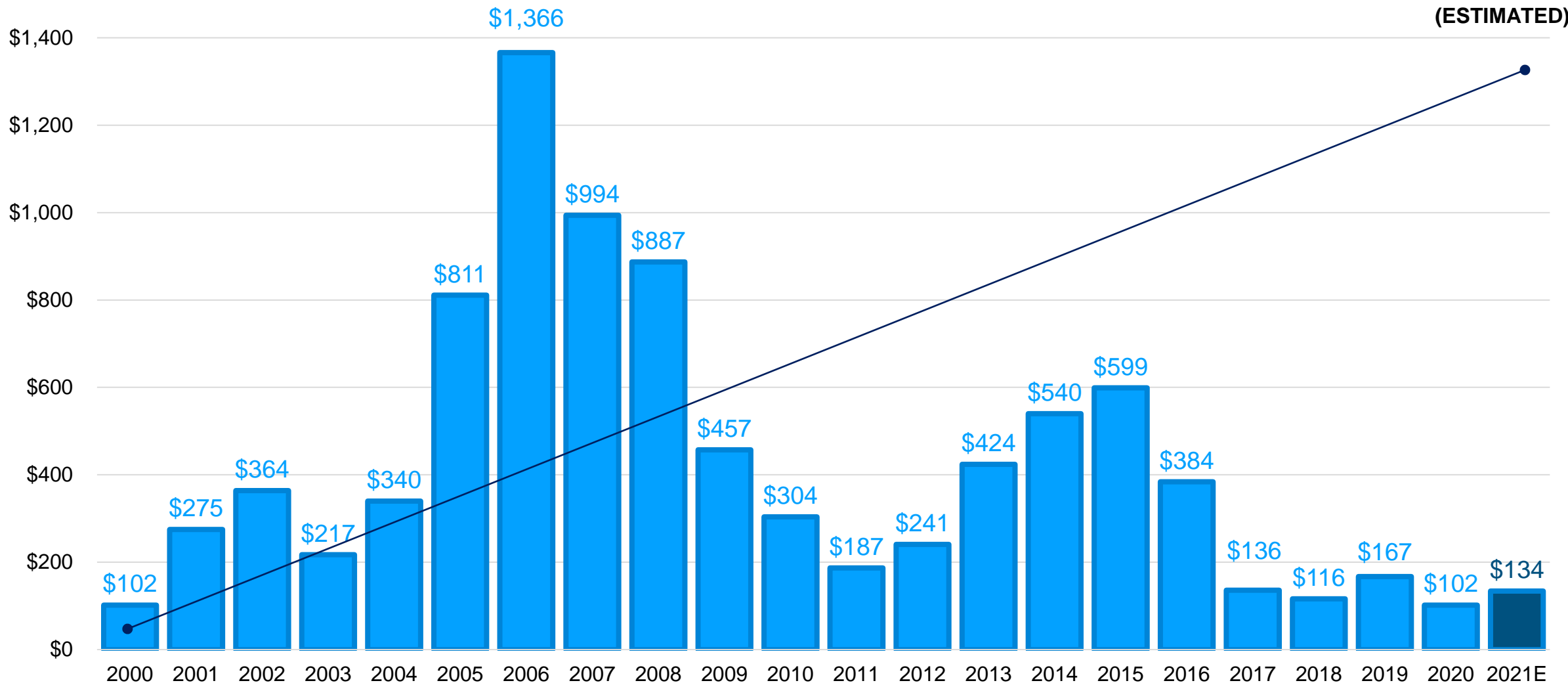
- Investments in renewable energy within and outside of our traditional service territory
- Technology deployment (e.g., energy storage)
- Modernization of the grid with significant investments in transmission and distribution
- Increased use of natural gas
- Optimization of our existing generating fleet
- Electrification



# Largest Investment in Environmental Controls

## INVESTMENT IN ENVIRONMENTAL CONTROLS

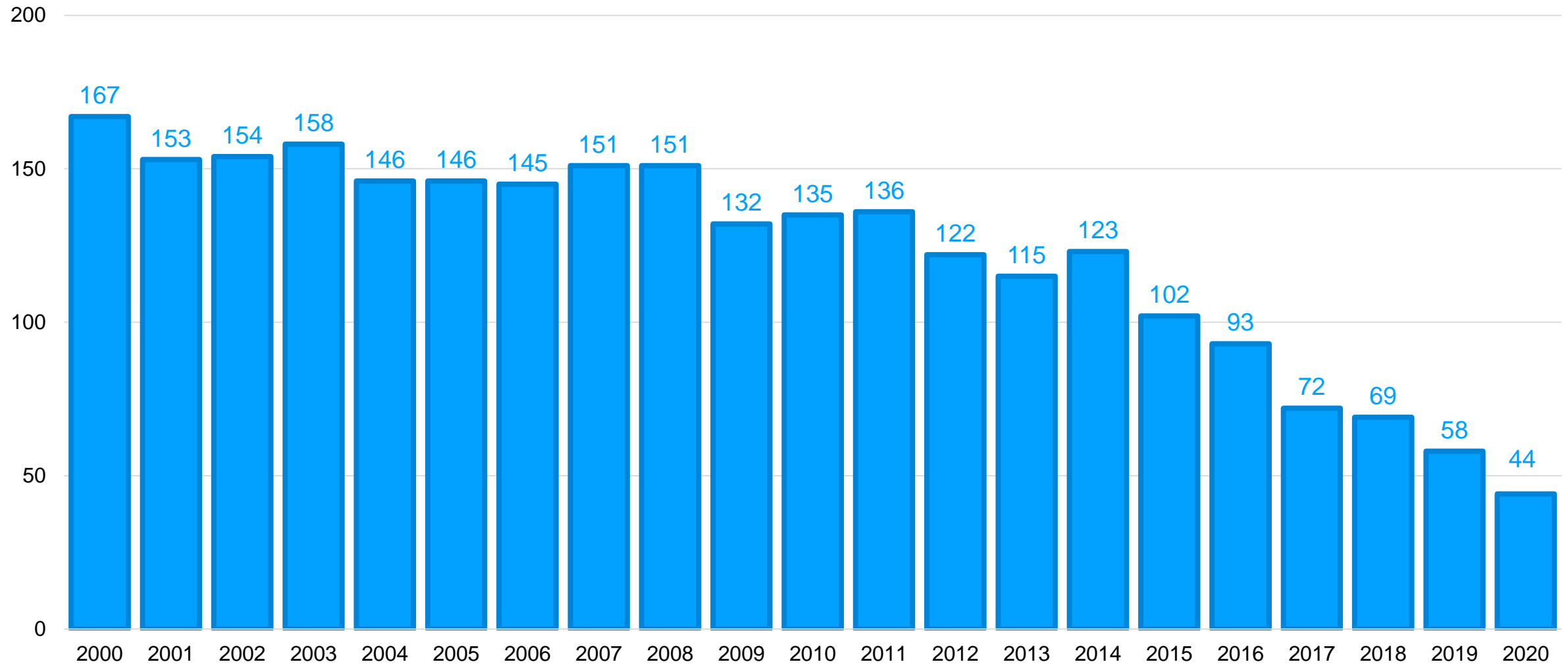
\$ in millions



**TOTAL**  
**\$9 BILLION**  
**(ESTIMATED)**

# Dramatic Reductions in Emissions

## TOTAL AEP SYSTEM – ANNUAL CO<sub>2</sub> EMISSIONS in million metric tons



CO<sub>2</sub>

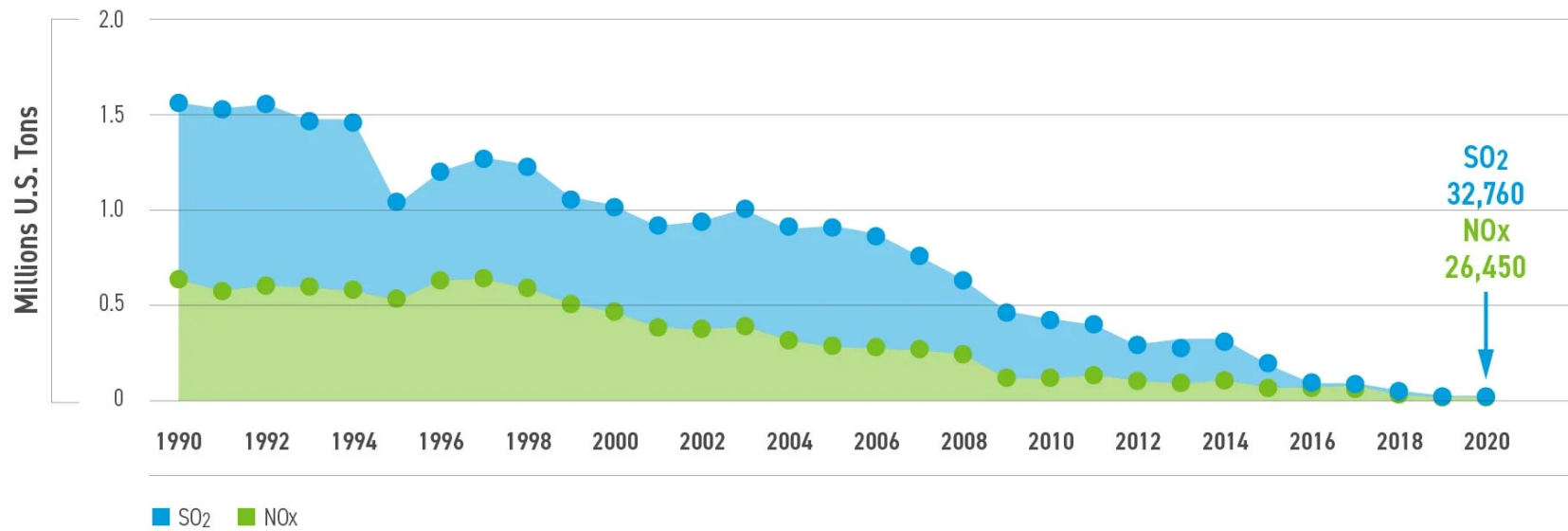
2000-2020  
ACTUAL

74%

Direct CO<sub>2</sub> emission from AEP's ownership share of generation as reported under Title IV of the 1990 Clean Air Act

# Dramatic Reductions in Emissions

## Total AEP System NOx and SO<sub>2</sub> Emissions



Direct annual emissions of SO<sub>2</sub> and NO<sub>x</sub> from AEP's ownership share of generation as reported under Title IV of the 1990 Clean Air Act.

**1990-2020  
ACTUAL**

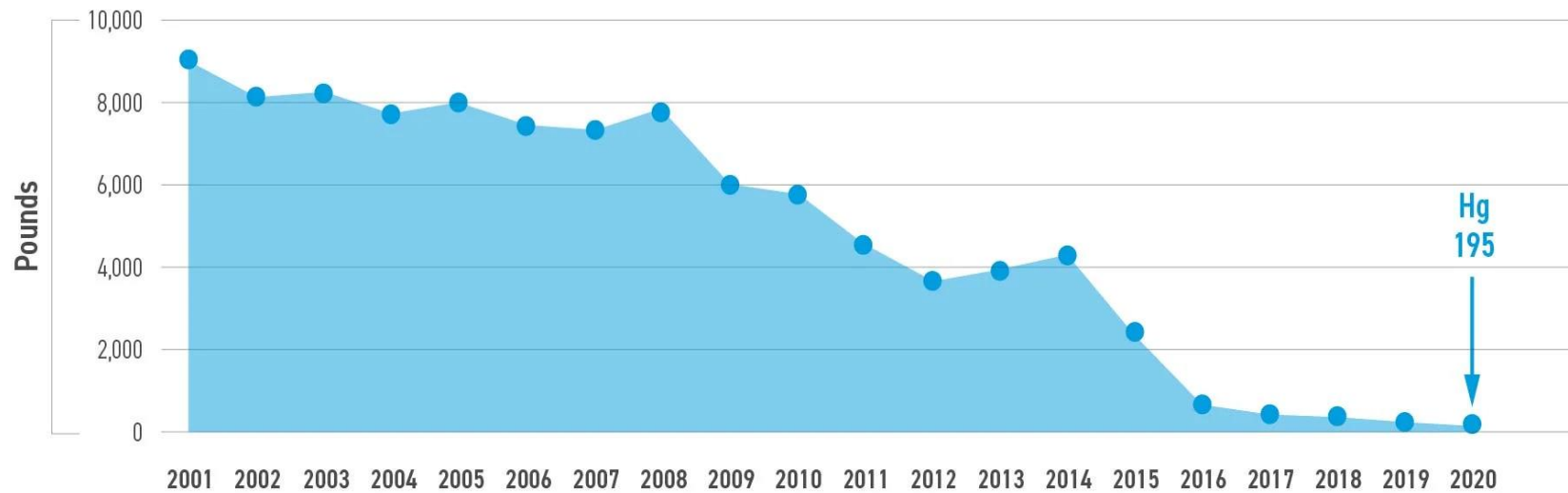
SO<sub>2</sub>

98%

NO<sub>x</sub>

96%

## Total AEP System Mercury Air Emissions



AEP equity share of mercury air emissions from Toxic Release Inventory reporting. 2020 was estimated with MATS program emission monitors.

**2001-2020  
ACTUAL**

Hg

98%

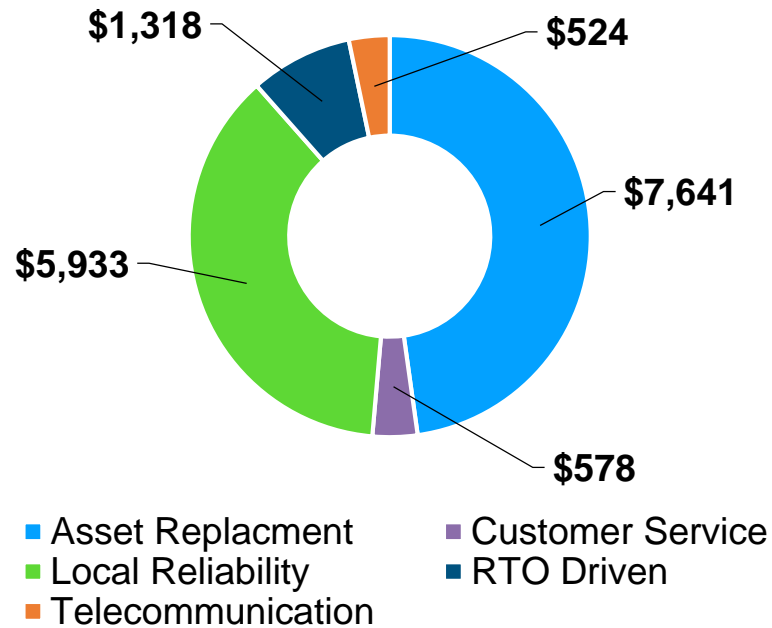
# TRANSMISSION TRANSFORMATION

- **Five-Year Capital Plan**
- **Investments in Asset Renewal**
- **Stable Cost Recovery Framework**
- **Transmission Customer and Shareholder Value**
- **Holdco Legal Entity Structure**



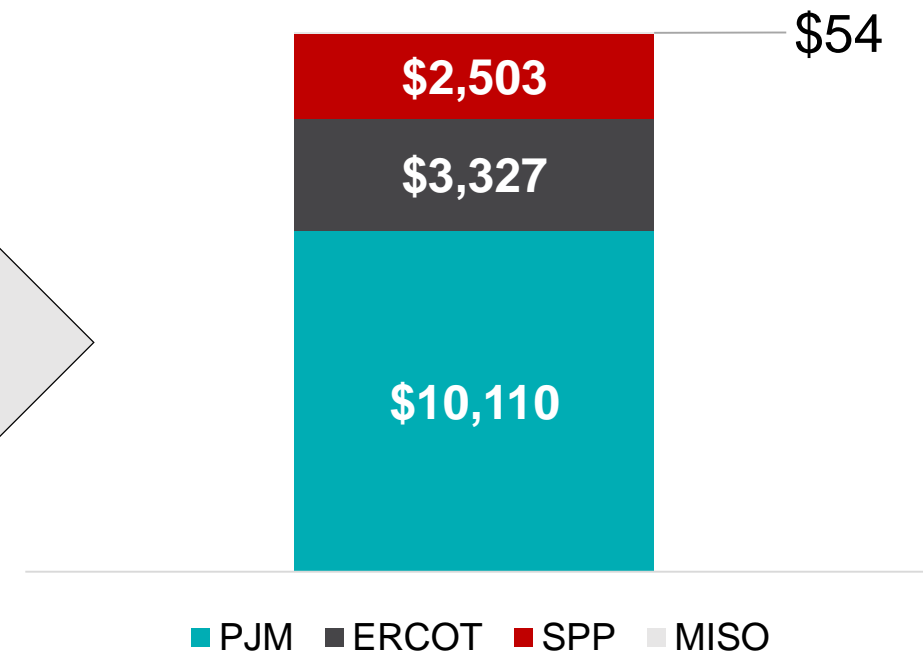
# Five-Year Transmission Capital Plan

2021-2025 TRANSMISSION INVESTMENT BY CATEGORY (\$ MILLIONS)



**\$16 Billion Investment Diversified In Four RTOs**

2021-2025 TRANSMISSION INVESTMENT BY RTO (\$ MILLIONS)



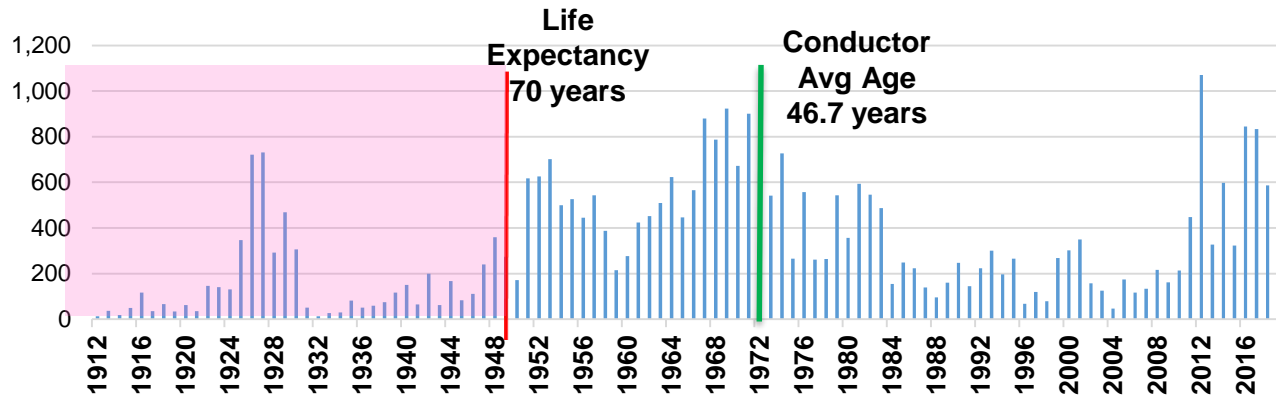
## INVESTMENT CATEGORIES

DRIVERS

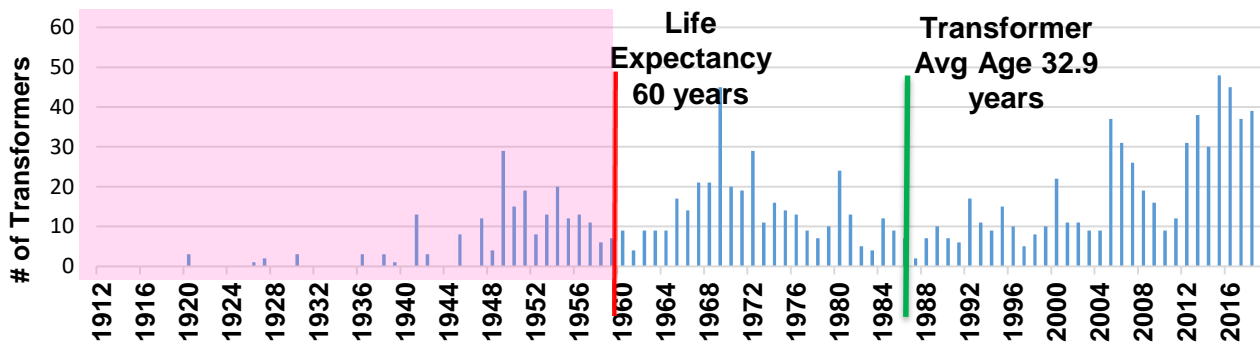
ASSET REPLACEMENT	LOCAL RELIABILITY	RTO DRIVEN	CUSTOMER SERVICE	TELECOM
<ul style="list-style-type: none"> <li>Replacement and rehabilitation investments based on age and performance to reduce customer outages and interruption times</li> </ul>	<ul style="list-style-type: none"> <li>Upgrades based on AEP standards to address thermal and voltage violations, and contingency conditions</li> </ul>	<ul style="list-style-type: none"> <li>Upgrades needed to address RTO standards related to thermal voltage overloads and contingency conditions</li> </ul>	<ul style="list-style-type: none"> <li>Upgrades to connect new customers and enhanced service requests</li> <li>Facilitates local economic development</li> </ul>	<ul style="list-style-type: none"> <li>Upgrades to support equipment monitoring, cyber-security requirements, and efficient grid operations</li> </ul>

# Investments in Asset Renewal Strengthen and Enable the Grid of the Future

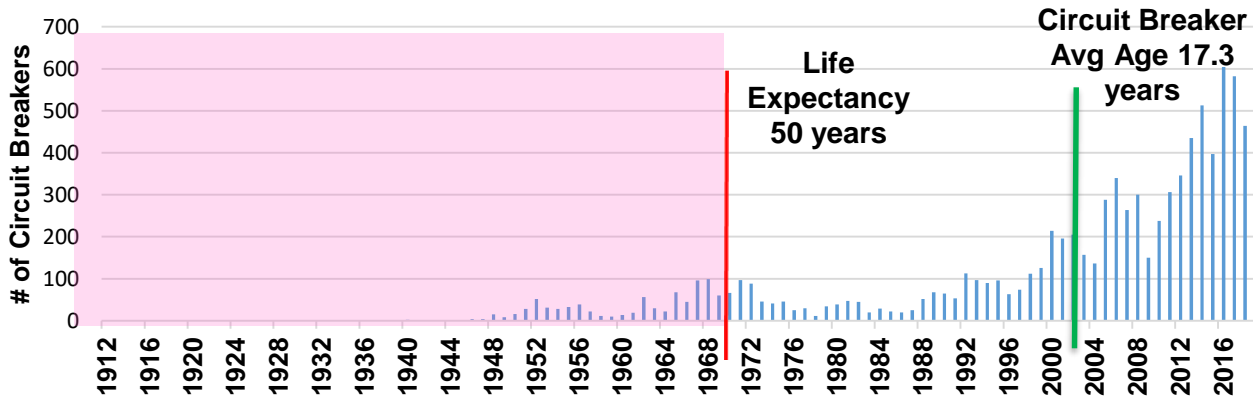
AEP T-Line Age Profile - (Line Mile Age based on oldest conductor age)



AEP Transmission Transformer Age Profile



AEP Circuit Breaker Age Profile



Beyond Life Expectancy Range

- **\$2.2 billion** of annual on-system capital investment is required to replace and enhance all assets beyond life expectancy over the next 10 years.
- Asset renewal projects are prioritized based on performance, condition and risk.

AEP Transmission Assets	Line Miles	Transformers	Circuit Breakers
Life Expectancy (Years)	70	60	50
Current Quantity Over Life Expectancy	5,959	209	808
Quantity That Will Exceed Life Expectancy in Next 10 Years	4,732	158	473
Total Replacement Need Over Next 10 Years	10,691	367	1,281
% of AEP System	31%	30%	14%
Average Age (years)	Line Miles	Transformers	Circuit Breakers
2016 Year-End	52.5	36.1	22.9
2019 Year-End	46.7	32.9	17.3



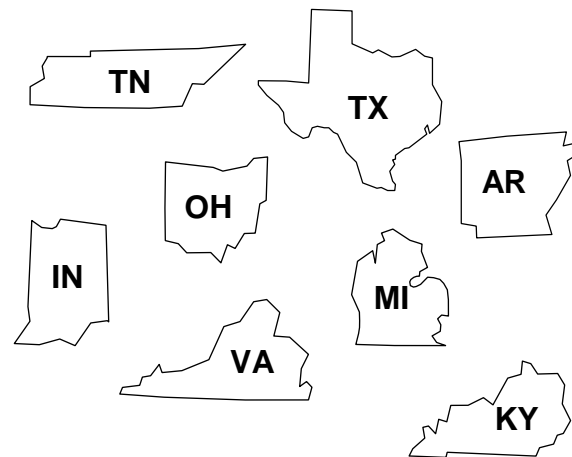
# Stable Cost Recovery Framework

**Stable and transparent wholesale cost recovery for transmission**

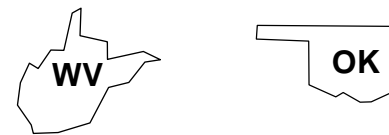
	<b>PJM</b>	<b>SPP</b>	<b>ERCOT</b>
<b>ROE</b>	9.85% Base + 0.50% RTO adder	10.0% Base ROE + 0.50% RTO adder	9.4%
<b>Forward Looking Rates</b>	Yes	Yes	Allowed two updates per year (not forward looking)
<b>Equity Structure</b>	Capped at 55%	No Cap	Capped at 42.5%
<b>Rate Approval Date</b>	May 2019	June 2019	April 2020

**~93% of transmission capital investment is recovered through state tracker/rider mechanisms**

**FULL TRACKER/RIDER (T/R) RECOVERY**



**PARTIAL (T/R) RECOVERY**



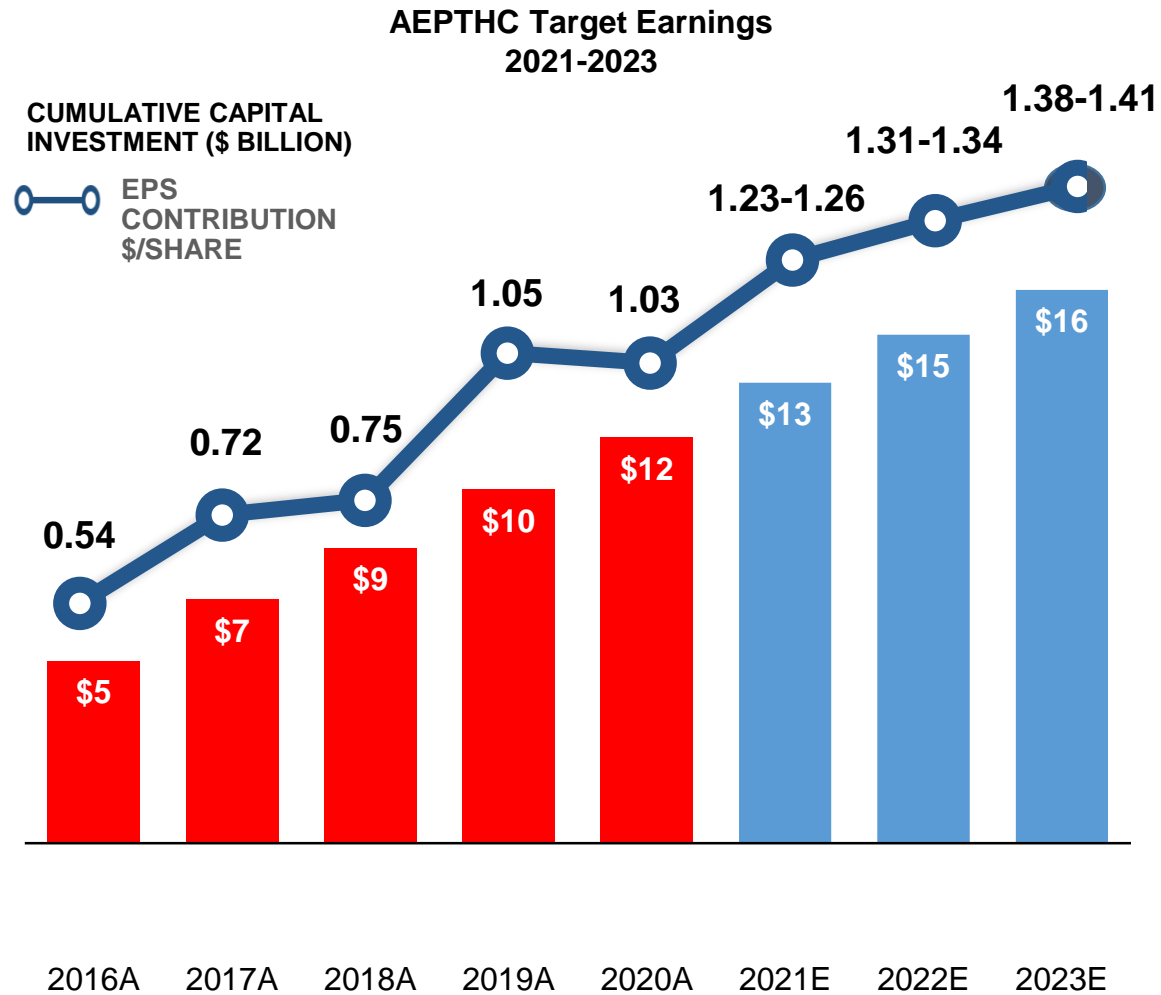
**PENDING/FORMULA OR BASE CASE**



Note: Arkansas retail formula not currently being utilized

# Delivering Significant Customer and Shareholder Value

## Shareholder Benefits



**AEPTHC's 2016 – 2023 EPS growth projected at a CAGR of 14.5%**

## Customer Benefits

**Reducing customer costs**

Enabling efficient economic dispatch of generation in each of our regions

**Driving down emissions**

Facilitating the fast and reliable interconnection of renewables to the grid to meet customer demand and public policy goals for clean energy

**Improving reliability and security**

Keeping the economy productive and connected by powering communications networks and electronics with reduced outages and a storm-hardened system

**Creating economic benefits**

Supporting economic development through construction projects that deliver community benefits including:

- ✓ Jobs
- ✓ State & local taxes
- ✓ Economic stimulus

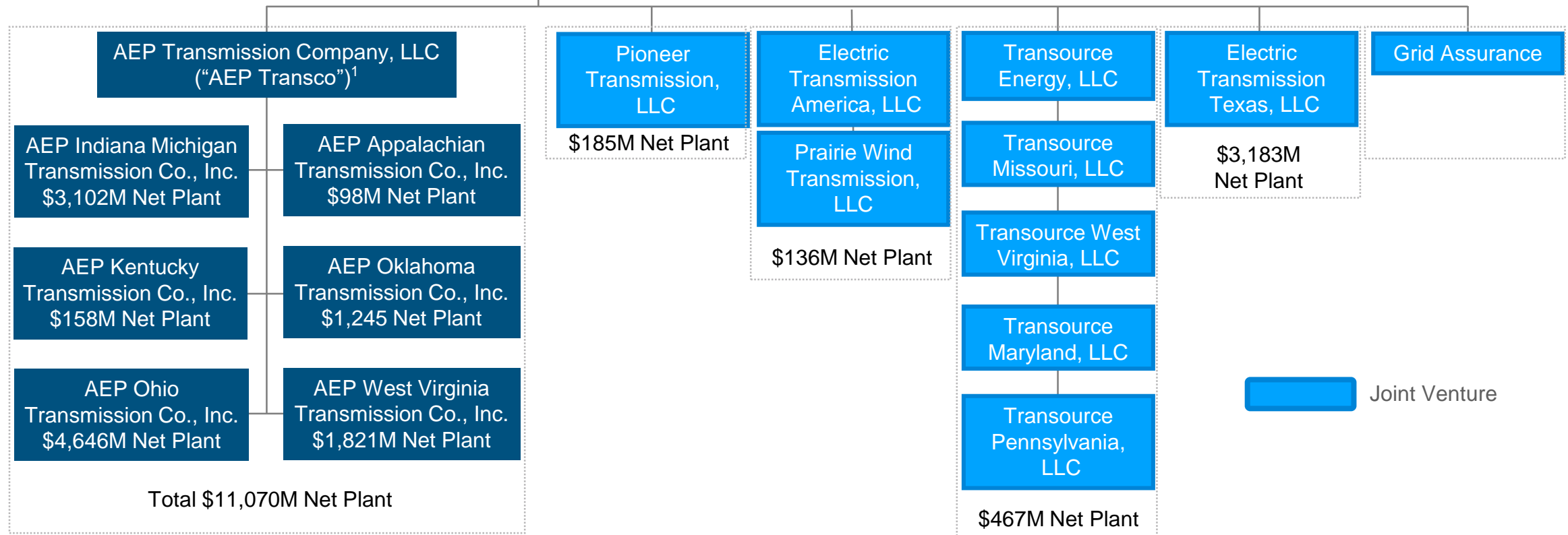
# AEP Transmission Holdco Legal Entity Structure

**AMERICAN ELECTRIC POWER, INC.**

**AEP Transmission Holding Co. LLC  
("AEP Transmission Holdco")**

AEP Transmission Company, LLC ("AEP Transco") is wholly-owned by AEP Transmission Holding Company, LLC ("AEP Trans Holdco")

AEP Trans Holdco is a wholly-owned subsidiary of American Electric Power Company, Inc. ("AEP"), one of the largest utility holding companies in the U.S.



Joint Venture net plant balances are inclusive of non-affiliate share

Net plant totals are as of March 31, 2021

<sup>1</sup> Debt issued at AEP Transco level for transmission companies

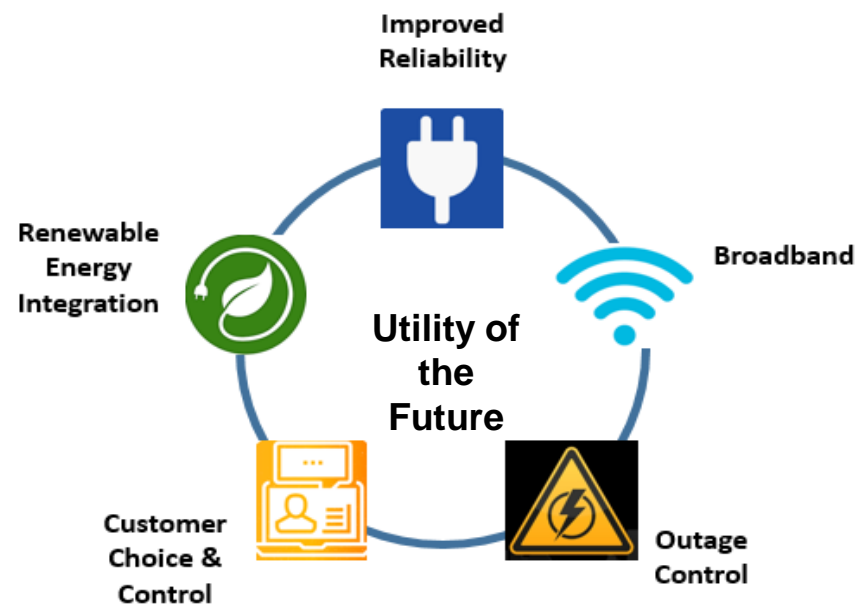
# UTILITY TRANSFORMATION

- **Expanded Core and Future Investments**
- **Robust Distribution Capital Expenditure Opportunities**



# Expanded Core and Future Investments

- INCREASE CORE INVESTMENTS IN SYSTEM RELIABILITY
- FULLY ADVANCE METERING INFRASTRUCTURE (AMI) AND DISTRIBUTION AUTOMATION CIRCUIT RECONFIGURATION (DACR) PENETRATION
- LED STREET LIGHT MODERNIZATION
- PROMOTE AN INTERACTIVE, MODERN AND EFFICIENT GRID
- ADAPT GRID TO INTEGRATE MORE DIVERSE ENERGY SOURCES
- BROADBAND AND BEHIND THE METER TECHNOLOGIES TO ALIGN WITH CHANGING CUSTOMER EXPECTATIONS
- ADVANCE ELECTRIFICATION



Positioning to align future investments with customer preferences

Advancing policies and regulatory mechanisms that support timely recovery and diversification of investments

ASSET RENEWAL



GRID MODERNIZATION










NEW PRODUCT LINES



DISTRIBUTION INVESTMENT OPPORTUNITY

# Robust Distribution Capital Expenditure Opportunities

Capital Investments in Distribution Modernization are expected to be \$8 to \$10 billion over the next five years

Distribution Base Investment	 Incremental \$463 million	<b>\$4,207M</b>	Distribution investments for new service, capacity additions, base material and storms
Distribution Grid Resiliency	 Incremental \$604 million	<b>\$3,429M</b>	Asset renewal and reliability investments including pole, conductor, cutout, and station transformer and breaker replacements
Distribution Automation and Technology	 Incremental \$146 million	<b>\$1,124M</b>	Implementation of automated technology including distribution supervisory control and data acquisition, smart switches and reclosers, volt var optimization and sensors. Investments include telecommunication and system components
Advance Metering Infrastructure	 Incremental \$259 million	<b>\$503M</b>	Advanced metering technology for the remaining AEP customers
Distribution – Distributed Energy Resources	 Incremental \$53 million	<b>\$63M</b>	AEP owned energy storage and micro-grid projects connected at distribution voltages
Rural Broadband	 Incremental \$260 million	<b>\$571M</b>	Investment in fiber assets to provide middle mile broadband to rural communities and for company use
Green Technology	 Incremental \$231 million	<b>\$297M</b>	Investments in LED outdoor and streetlights and electric vehicle charging infrastructure, ownership of charging stations if allowed

**AEP is committed to making significant grid modernization investments that create win-win solutions for both our customers and our communities**

Key:  In budget  Incremental Opportunities

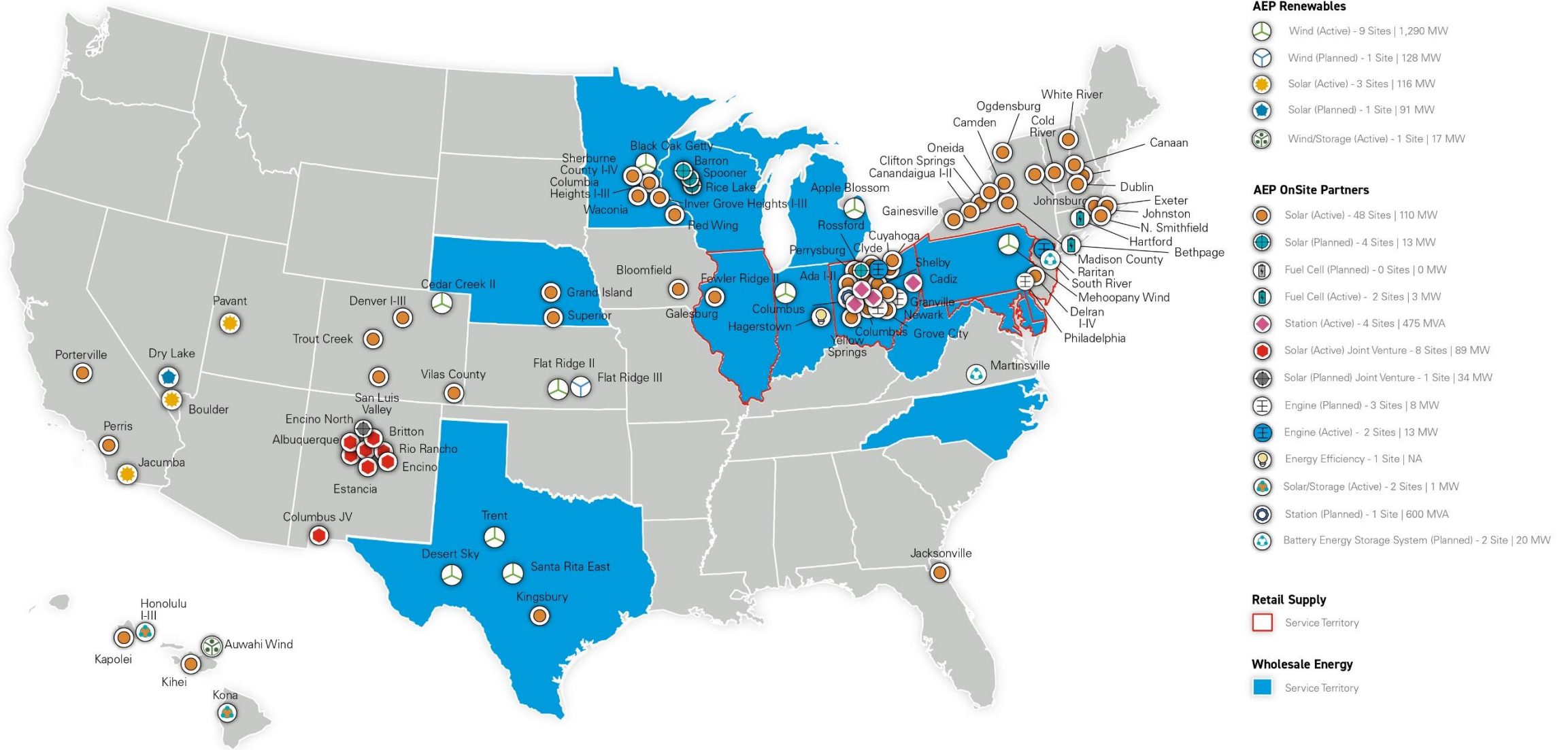
# COMPETITIVE BUSINESS

- **Competitive Business Presence**
- **Development Pipeline and Repower Initiatives**



# Competitive Business Presence

Active in 31 States (7 states overlap with AEP Utilities)



As of March 31, 2021



# Development Pipeline and Repower Initiatives

## DEVELOPMENT PIPELINE

Progress continues in our development portfolio across three geographically dispersed areas.

The 128 MW Flat Ridge 3 wind project in Kansas is under construction and expected to be placed in-service in the second quarter of 2021 using all of our PTC Safe Harbor equipment (qualifying the plant for 100% PTCs). The project has a long-term power agreement with Evergy for the entire energy output.

The other mid- to late-stage opportunities in our development portfolio possess solid project and market fundamentals, and continue to attract strong interest from utilities, municipalities, cooperatives and corporates.

## REPOWER INITIATIVE

Similar to Trent and Desert Sky Wind Farms, we are evaluating our other existing projects for repower.

Review includes Fowler Ridge 2, Cedar Creek 2, Flat Ridge 2 and Mehoopany.

If the repowers were to take place, it would most likely be at 60% PTC level.



PSC Staff Exhibit \_\_\_\_\_  
Case No. 2021-00578  
Kentucky Power annual filings of Mitchell  
Generating Plant Performance Data

Mitchell Generating Plant  
Performance Data  
2021

Unit	Year	Month	Forced Outage Rate [%]	Equivalent Forced Outage Rate [%]	Equivalent Availability Factor [%]	Net Capacity Factor [%]	Net Heat Rate [Btu/kWh]
Mitchell 1	2021	Jan	0.00	11.88	62.33	41.38	10875.00
Mitchell 1	2021	Feb	37.97	39.12	52.69	36.53	11142
Mitchell 1	2021	Mar	64.70	65.11	27.15	12.93	11691
Mitchell 1	2021	Apr	70.49	70.49	29.22	15.18	10628
Mitchell 1	2021	May	100.00	100.00	0.00	0.00	0
Mitchell 1	2021	Jun	19.38	25.68	72.38	55.90	10659
Mitchell 1	2021	Jul	0.00	11.01	61.89	54.13	11111
Mitchell 1	2021	Aug	42.67	46.94	51.99	45.20	10766
Mitchell 1	2021	Sep	37.00	47.07	53.62	47.19	10292
Mitchell 1	2021	Oct	38.69	38.69	14.54	9.64	11027
Mitchell 1	2021	Nov	0.00	0.00	0.00	0.00	0
Mitchell 1	2021	Dec	0.00	0.00	42.25	0.00	0
Mitchell 1	2021	Jan-Dec	43.90	48.50	38.89	26.39	10838

Unit	Year	Month	Forced Outage Rate [%]	Equivalent Forced Outage Rate [%]	Equivalent Availability Factor [%]	Net Capacity Factor [%]	Net Heat Rate [Btu/kWh]
Mitchell 2	2021	Jan	0.00	0.00	78.36	0.00	0
Mitchell 2	2021	Feb	42.53	44.09	59.04	38.74	10850
Mitchell 2	2021	Mar	0.00	1.79	16.49	9.10	10769
Mitchell 2	2021	Apr	0.00	7.23	15.15	10.72	10346
Mitchell 2	2021	May	0.00	1.34	98.36	65.03	10433
Mitchell 2	2021	Jun	0.00	0.83	74.69	51.02	10348
Mitchell 2	2021	Jul	0.00	8.59	81.77	71.11	9949
Mitchell 2	2021	Aug	0.00	18.01	81.05	77.10	10062
Mitchell 2	2021	Sep	0.00	12.37	57.57	55.23	9987
Mitchell 2	2021	Oct	0.00	12.36	57.65	45.54	10057
Mitchell 2	2021	Nov	13.02	15.91	71.27	29.93	10783
Mitchell 2	2021	Dec	9.67	16.70	79.76	63.42	10669
Mitchell 2	2021	Jan-Dec	6.91	14.16	64.42	43.19	10306

**Mitchell Generating Plant  
 Performance Data  
 2020**

Unit	Year	Month	Forced Outage Rate [%]	Equivalent Forced Outage Rate [%]	Equivalent Availability Factor [%]	Net Capacity Factor [%]	Net Heat Rate [Btu/kWh]
Mitchell 1	2020	Jan	11.35	24.31	30.87	11.36	11195
Mitchell 1	2020	Feb	0.00	1.11	98.47	47.79	10676
Mitchell 1	2020	Mar	23.46	23.48	61.45	30.48	10458
Mitchell 1	2020	Apr	49.69	49.99	34.05	15.34	11046
Mitchell 1	2020	May	0.00	0.71	91.96	43.73	10654
Mitchell 1	2020	Jun	2.33	4.45	64.49	26.67	10693
Mitchell 1	2020	Jul	26.95	27.13	69.71	40.98	10607
Mitchell 1	2020	Aug	71.97	71.97	54.00	5.00	11005
Mitchell 1	2020	Sep	0.00	15.67	86.22	27.58	11597
Mitchell 1	2020	Oct	0.00	0.00	4.61	4.25	11132
Mitchell 1	2020	Nov	0.00	0.00	17.11	0.00	0
Mitchell 1	2020	Dec	4.30	5.43	67.11	17.01	10476
Mitchell 1	2020	Jan-Dec	16.66	19.16	56.51	22.43	10775

Unit	Year	Month	Forced Outage Rate [%]	Equivalent Forced Outage Rate [%]	Equivalent Availability Factor [%]	Net Capacity Factor [%]	Net Heat Rate [Btu/kWh]
Mitchell 2	2020	Jan	0.00	7.48	82.02	29.88	10645
Mitchell 2	2020	Feb	0.00	5.54	92.45	55.07	10362
Mitchell 2	2020	Mar	0.00	4.22	60.34	33.68	10156
Mitchell 2	2020	Apr	0.00	0.00	80.00	0.00	0
Mitchell 2	2020	May	0.00	3.51	14.05	9.50	10311
Mitchell 2	2020	Jun	58.38	58.38	31.86	16.01	10284
Mitchell 2	2020	Jul	0.00	2.16	96.91	52.64	10167
Mitchell 2	2020	Aug	28.42	30.05	67.96	42.15	10400
Mitchell 2	2020	Sep	0.00	0.00	67.31	0.00	0
Mitchell 2	2020	Oct	0.00	1.32	97.19	26.33	10587
Mitchell 2	2020	Nov	0.00	14.78	84.84	53.11	10846
Mitchell 2	2020	Dec	0.00	0.22	97.11	43.99	10346
Mitchell 2	2020	Jan-Dec	9.89	14.40	72.64	30.20	10422

**Mitchell Generating Plant**  
**Performance Data**  
**2019**

KPSC Case No. 2012-00578  
 March 1, 2020  
 Attachment 1  
 Page 1 of 1

**Mitchell Unit 1**

**Net Max Capacity: 770**

Month	Forced Outage Rate (%)	Equiv Forced Outage Rate (%)	Equiv. Avail. Factor (%)	Net Cap. Factor (%)	Heat Rate Actual (BTU/KWH)
Jan	0.00	0.60	99.27	73.08	10,490
Feb	11.26	12.00	87.41	61.63	5,235
Mar	13.53	13.53	22.12	16.36	11,164
Apr	0.00	0.00	0.00	0.00	0
May	0.00	0.00	0.00	0.00	0
Jun	4.65	5.35	58.00	34.69	10,507
Jul	0.57	1.06	76.22	53.32	10,809
Aug	0.00	0.15	69.97	49.54	8,892
Sep	47.26	49.11	64.29	24.35	12,442
Oct	0.00	2.61	95.85	67.79	10,383
Nov	27.55	27.94	71.60	52.33	10,107
Dec	100.00	100.00	27.38	0.00	0
<b>YTD Totals</b>	<b>12.14</b>	<b>13.07</b>	<b>55.84</b>	<b>35.97</b>	<b>9,757</b>

**Mitchell Unit 2**

**Net Max Capacity: 790**

Month	Forced Outage Rate (%)	Equiv Forced Outage Rate (%)	Equiv. Avail. Factor (%)	Net Cap. Factor (%)	Heat Rate Actual (BTU/KWH)
Jan	2.67	3.58	94.24	46.04	10,837
Feb	21.49	23.37	51.74	30.01	7,432
Mar	0.00	5.19	93.72	67.98	10,144
Apr	1.19	18.05	42.70	31.53	9,011
May	0.00	2.67	97.02	63.31	10,963
Jun	0.00	14.05	46.42	32.32	11,697
Jul	4.43	18.09	66.64	48.54	11,033
Aug	0.00	1.15	77.07	48.05	7,839
Sep	0.00	15.34	83.33	65.02	10,476
Oct	0.00	26.63	6.72	5.93	12,558
Nov	0.00	0.00	4.28	0.00	0
Dec	13.26	29.55	79.46	13.28	11,817
<b>YTD Totals</b>	<b>2.81</b>	<b>11.10</b>	<b>62.21</b>	<b>37.78</b>	<b>10,176</b>

**Mitchell Generating Plant  
Performance Data  
2018**

KPSC Case No. 2012-00578  
March 1, 2019  
Attachment 1  
Page 1 of 1

**Mitchell Unit 1**

**Net Max Capacity: 770**

Month	Forced Outage Rate (%)	Equiv Forced Outage Rate (%)	Equiv. Avail. Factor (%)	Net Cap. Factor (%)	Heat Rate Actual (BTU/KWH)
Jan-18	0.53	5.06	55.03	44.80	10,413
Feb-18	12.79	13.27	87.89	24.26	9,685
Mar-18	0.00	0.00	0.00	0.00	0
Apr-18	16.38	19.46	6.75	5.41	11,986
May-18	6.68	7.57	91.29	71.10	10,431
Jun-18	86.96	87.39	15.74	8.60	10,948
Jul-18	21.87	28.06	71.94	54.12	10,176
Aug-18	2.03	16.37	78.11	61.69	10,784
Sep-18	17.70	21.16	64.62	48.57	11,037
Oct-18	7.85	11.87	75.72	44.21	11,808
Nov-18	0.00	0.94	97.44	51.09	11,342
Dec-18	13.64	14.43	78.01	40.93	7,663
<b>YTD Total</b>	<b>17.99</b>	<b>21.72</b>	<b>60.15</b>	<b>38.12</b>	<b>10,485</b>

**Mitchell Unit 2**

**Net Max Capacity: 790**

Month	Forced Outage Rate (%)	Equiv Forced Outage Rate (%)	Equiv. Avail. Factor (%)	Net Cap. Factor (%)	Heat Rate Actual (BTU/KWH)
Jan-18	0.00	2.12	95.76	81.81	9,692
Feb-18	0.00	2.21	96.53	67.96	9,231
Mar-18	0.00	0.39	5.71	4.52	10,153
Apr-18	0.00	0.00	0.00	0.00	0
May-18	30.55	41.58	52.92	43.55	10,303
Jun-18	0.00	19.58	70.69	54.31	11,788
Jul-18	0.00	8.95	88.71	72.60	11,171
Aug-18	0.00	12.37	85.72	73.88	11,788
Sep-18	0.00	12.39	41.30	33.71	11,262
Oct-18	16.64	17.37	60.83	37.12	11,370
Nov-18	66.16	66.16	62.42	1.74	13,654
Dec-18	0.00	0.93	76.46	37.13	6,013
<b>YTD Total</b>	<b>6.10</b>	<b>13.84</b>	<b>61.33</b>	<b>42.37</b>	<b>10,410</b>

**Mitchell Generating Plant  
Performance Data  
2017**

KPSC Case No. 2012-00578  
March 1, 2018  
Attachment 1  
Page 1 of 1

**Mitchell Unit 1**

**Net Max Capacity: 770**

Month	Forced Outage Rate (%)	Equiv Forced Outage Rate (%)	Equiv. Avail. Factor (%)	Net Cap. Factor (%)	Heat Rate Actual (BTU/KWH)
Jan 17	89.55	89.98	8.32	7.48	10,504
Feb 17	100.00	100.00	0.00	0.00	0
Mar 17	100.00	100.00	0.00	0.00	0
Apr 17	0.00	0.00	43.99	34.36	10,001
May 17	0.00	0.21	99.20	77.76	10,042
Jun 17	3.53	5.05	94.63	66.00	10,351
Jul 17	0.00	8.64	89.15	71.45	10,967
Aug 17	0.00	11.93	87.23	67.31	10,654
Sep 17	26.01	26.33	55.23	36.79	10,563
Oct 17	22.72	22.96	78.28	51.22	10,375
Nov 17	0.00	0.00	99.38	68.90	10,337
Dec 17	0.00	0.07	99.32	72.75	9,943
<b>YTD TOTAL</b>	<b>23.85</b>	<b>26.15</b>	<b>63.31</b>	<b>46.50</b>	<b>10,382</b>

**Mitchell Unit 2**

**Net Max Capacity: 790**

Month	Forced Outage Rate (%)	Equiv Forced Outage Rate (%)	Equiv. Avail. Factor (%)	Net Cap. Factor (%)	Heat Rate Actual (BTU/KWH)
Jan 17	13.31	14.59	83.32	69.31	9,878
Feb 17	0.00	2.34	96.23	70.06	10,125
Mar 17	0.00	4.63	95.08	83.09	9,806
Apr 17	0.00	11.86	40.31	37.53	9,702
May 17	11.85	13.61	50.79	39.72	9,443
Jun 17	0.00	1.56	81.39	61.95	8,612
Jul 17	0.00	1.96	97.72	77.89	10,121
Aug 17	0.00	0.46	98.40	74.03	10,073
Sep 17	0.00	0.17	98.41	71.45	10,022
Oct 17	0.00	0.59	97.02	75.10	9,024
Nov 17	0.00	0.03	99.09	72.00	9,439
Dec 17	0.00	2.02	79.99	56.92	9,754
<b>YTD TOTAL</b>	<b>1.96</b>	<b>3.91</b>	<b>84.77</b>	<b>65.77</b>	<b>9,686</b>

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY	)	
POWER COMPANY FOR APPROVAL OF A	)	
CERTIFICATE OF PUBLIC CONVENIENCE	)	
AND NECESSITY FOR ENVIRONMENTAL	)	CASE NO.
PROJECT CONSTRUCTION AT THE	)	2021-00004
MITCHELL GENERATING STATION, AN	)	
AMENDED ENVIRONMENTAL COMPLIANCE	)	
PLAN, AND REVISED ENVIRONMENTAL	)	
SURCHARGE TARIFF SHEETS	)	

ORDER

On February 8, 2021, Kentucky Power Company (Kentucky Power), pursuant to KRS 278.020(1) and KRS 278.183, filed an application requesting a Certificate of Public Convenience and Necessity (CPCN) to construct projects at the Mitchell Generating Station (Mitchell) to comply with federal environmental regulations, approval of Kentucky Power’s 2021 Environmental Compliance Plan (2021 Plan), and to amend its Environmental Surcharge tariff (Tariff E.S.). Kentucky Power stated that the proposed projects and amendments allow Kentucky Power to include the cost of projects to comply with recent revisions to the federal Coal Combustion Residuals Rule (CCR) and Effluent Limitations Guidelines (ELG) and that the proposed projects are necessary to continue to operate Mitchell after 2028 through its planned retirement date of 2040.<sup>1</sup> KRS 278.183 establishes a six-month statutory deadline to process environmental surcharge applications. Thus, the Commission must enter its Order no later than August 6, 2021.

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<sup>1</sup> Application at 5–8.

may take.”<sup>91</sup> Ignoring the result of the scenario with carbon costs is unreasonable in light of Kentucky Power’s inclusion of carbon costs in resource planning, and emerging environmental laws and policies, because it skews an analysis of whether the ELG project is the most reasonable, least-cost option. Nevertheless, the carbon scenario is not the exclusive basis for our decision.

Additionally, the Commission concurs with Attorney General, KIUC, and Sierra Club that Kentucky Power’s modeling assumptions significantly overstated the projected cost of other generation resources, which artificially created the appearance that the ELG project is more cost-effective than the alternatives. Based on recent solar PPAs approved by the Commission and by EIA data contained in the case record, the Commission concludes that Kentucky Power’s valuation of other generation resources is flawed because it overstates replacement energy and capacity costs, and therefore skews the outcome of the analysis.

Given the close results and Kentucky Power’s exclusion of future enactment of environmental regulations, the Commission is not convinced that constructing the proposed ELG project in order to operate Mitchell between 2028 and 2040 is the least-cost option if any upgrades are required to comply with new environmental regulations, including, but not limited to, those that may be related to carbon dioxide emissions.<sup>92</sup> Between 1993 and 2020, Kentucky Power spent approximately \$714 million on

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<sup>91</sup> Case No. 2019-00443, *Electronic 2019 Integrated Resource Planning Report of Kentucky Power Company* (filed Dec. 20, 2019) at ES-1, and Section 1.5 at 5. Kentucky Power’s IRP carbon proxy began in 2028 at \$15/metric ton of CO<sub>2</sub> emissions and escalated at 3.5 percent per annum on a nominal basis.

<sup>92</sup> The Commission takes administrative notice of a recent decision in the U.S. Court of Appeals for the District of Columbia Circuit that vacated the Affordable Clean Energy Rule and remanded the matter to the Environmental Protection Agency for further proceedings to determine the best method to reduce emissions. *American Lung Assoc. v. EPA*, 985 F.3d 914 (D.C. Cir. 2021) (Petition for Certiorari pending before the U.S. Supreme Court).



environmental compliance projects, with approximately \$708 million spent between 2005 and 2020.<sup>93</sup> The Commission notes that Kentucky Power acquired its interest in Mitchell in a previous matter as the least-cost option to meet long-term capacity and energy obligations “in light of known and emerging environmental regulations.”<sup>94</sup> In that matter, Kentucky Power explicitly recognized the Commission’s authority to challenge Kentucky Power’s rates upon a finding that Mitchell was no longer a least-cost generation resource due to environmental regulations and to retire Kentucky Power’s interest in Mitchell for ratemaking purposes.<sup>95</sup> Kentucky Power offers no such assurances in this matter.

Finally, Kentucky Power argued that the combined CCR and ELG projects are “the most technically feasible, least life cycle technology cost options,” which is different from the legal standard for wasteful duplication, that a utility must demonstrate that a thorough review of all reasonable alternatives has been performed to determine the most reasonable, least cost option.<sup>96</sup>

Thus, for the reasons set forth above, the Commission finds that Kentucky Power failed to establish that the ELG project will not result in wasteful duplication, or that the

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<sup>93</sup> Kentucky Power’s Response to Commission Staff’s Fourth Request for Information (Staff’s Fourth Request) (filed June 2, 2021), Item 1.

<sup>94</sup> Case No. 2012-00578, *Application of Kentucky Power Company for (1) A Certificate of Public Convenience and Necessity Authorizing the Transfer to the Company of an Undivided Fifty Percent Interest in the Mitchell Generating Station and Associated Assets; (2) Approval of the Assumption by Kentucky Power Company of Certain Liabilities in Connection with the Transfer of the Mitchell Generating Station; (3) Declaratory Rulings; (4) Deferral of Costs Incurred in Connection with the Company’s Efforts to Meet Federal Clean Air Act and Related Requirements; and (5) All Other Required Approvals and Relief* (Ky. PSC Oct. 7, 2013) at 17.

<sup>95</sup> *Id.* at 32.

<sup>96</sup> Sherrick Direct Testimony at 5. Case No. 2005-00142, *Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a Certificate of Public Convenience and Necessity for the Construction of Transmission Facilities in Jefferson, Bullitt, Meade, and Hardin Counties, Kentucky* (Ky. PSC Sept. 8, 2005).

Kentucky Power Company  
Kpsc Case No. 2021-00004  
Commission Staff's Fourth Set of Data Requests  
Dated May 21, 2021

**DATA REQUEST**

**KPSC 4\_1** Provide a timeline of environmental compliance projects constructed at Mitchell Generating Station since 1971, including the cost of each project and the statute or regulation with which the project complied.

**RESPONSE**

Please see KPCO\_R\_KPSC\_4\_1\_Attachment1.

Witness: Gary O. Spitznogle

Witness: Brian D. Sherrick

Description	Total In Service Cost	Regulatory Driver	In-Service Years
FGD	\$329,488,910	National Ambient Air Quality Standard Related	2005-2021
Mitchell Units 1 and 2 Water Injection	\$117,322	National Ambient Air Quality Standard Related	1993-1994, 2004
Low NOX Burners	\$2,696,247	National Ambient Air Quality Standard Related	2002-2006, 2009, 2017, 2019-2020
Low NOX Burner Modification	\$14,195,467	National Ambient Air Quality Standard Related	2005-2007, 2015
SCR	\$160,548,463	National Ambient Air Quality Standard Related	2005-2010, 2012-2021
Landfill	\$16,420,565	National Ambient Air Quality Standard (FGD Project Related)	2006-2008, 2012, 2017, 2019
Coal Blending Facilities	\$16,475,788	National Ambient Air Quality Standard Related (SO2 reductions)	2003-2007, 2019
SO3 Mitigation	\$10,983,738	National Ambient Air Quality Standard Related (SO2 reductions)	2007, 2016-2017, 2020
Mitchell Plant Common CEMS	\$1,327,604	Acid Rain Rule; CAIR; NOx SIP Call	1993, 2001, 2003-2007, 2009-2014, 2017-2020
Replace Burner Barrier Valves	\$4,324,175	National Ambient Air Quality Standard Related (NOx reductions)	2003-2007
Gypsum Material Handling Facilities	\$16,256,227	National Ambient Air Quality Standard (FGD Project Related)	2006-2008, 2012-2017, 2019-2020
Precipitator Modifications	\$12,671,715	National Ambient Air Quality Standard Related	2002, 2006-2020
Bottom Ash and Fly Ash Handling	\$21,230,312	National Ambient Air Quality Standard (FGD Project Related)	2001-2021
Mercury Monitoring (MATS)	\$3,285,963	MATS Rule	2010-2011, 2015, 2017
Dry Fly Ash Handling Conversion	\$64,591,348	NPDES Permit	2009-2019
Coal Combustion Waste Landfill	\$36,907,469	NPDES Permit	2014-2015
Electrostatic Precipitator Upgrade	\$2,386,974	MATS Rule	2014-2015, 2018-2019



## Sherrick Verification\_June 1.docx

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### E-Signature Summary

#### E-Signature 1: Brian D. Sherrick (BDS)

June 01, 2021 12:08:12 -8:00 [D0BA1B6A158B] [167.239.2.88]  
bdsherrick@aep.com (Principal) (Personally Known)

#### E-Signature Notary: S. Smithhisler (SRS)

June 01, 2021 12:08:12 -8:00 [695A2B2249CA] [161.235.2.86]  
srsmithhisler@aep.com

I, S. Smithhisler, did witness the participants named above electronically sign this document.



VERIFICATION

The undersigned, Brian D. Sherrick, being duly sworn, deposes and says he is the Managing Director of Projects for American Electric Power Service Corporation, that he has personal knowledge of the matters set forth in the forgoing responses, and the information contained therein is true and correct to the best of his information, knowledge and belief after reasonable inquiry.

Brian D. Sherrick  
Signed on 2021/06/01 12:08:12 -8:00

Brian D. Sherrick

STATE OF OHIO

)

) Case No. 2021-00004

COUNTY OF FRANKLIN

)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Brian

D. Sherrick, on 06/01/2021



S. Smithhisler  
Signed on 2021/06/01 12:08:12 -8:00

Notary Public

Notary ID Number: 2019-RE-775042

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## Spitznogle Verification\_June 1.docx

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### E-Signature Summary

**E-Signature 1: Gary O. Spitznogle (GOS)**

June 01, 2021 12:15:19 -8:00 [FE34C07625D8] [96.28.241.47]  
gospitznogle@aep.com (Principal) (Personally Known)

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June 01, 2021 12:15:19 -8:00 [93A21F7C7D43] [161.235.2.86]  
srsmithhisler@aep.com

I, S. Smithhisler, did witness the participants named above electronically sign this document.



VERIFICATION

The undersigned, Gary O. Spitznogle, being duly sworn, deposes and says he is the Vice President – Environmental Services for American Electric Power Service Corporation, that he has personal knowledge of the matters set forth in the forgoing responses, and the information contained therein is true and correct to the best of his information, knowledge and belief after reasonable inquiry.

  
Signed on 2021/06/01 12:16:19 -8:00

Gary O. Spitznogle

STATE OF OHIO

)

) Case No. 2021-00004

COUNTY OF FRANKLIN

)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Gary

06/01/2021

O. Spitznogle, on \_\_\_\_\_.



  
Signed on 2021/06/01 12:19:19 -8:00

Notary Public

Notary ID Number: 2019-RE-775042

99BF1609-02AA-47D0-B409-935A2AD3A9FE --- 2021/05/28 14:56:27 -8:00 --- Remote Notary



OPINION RENDERED: June 3, 1988; 3:00 p.m.  
NOT TO BE PUBLISHED

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JUN 03 1988

Commonwealth Of Kentucky  
Court Of Appeals

THE COUNSEL

NO. 86-CA-1031-MR

KENTUCKY POWER COMPANY

APPELLANT

v.

APPEAL FROM FRANKLIN CIRCUIT COURT  
HONORABLE WILLIAM L. GRAHAM, JUDGE  
ACTION NO. 84-CI-1760

KENTUCKY PUBLIC SERVICE COMMISSION;  
THE OFFICE OF THE ATTORNEY GENERAL,  
UTILITY AND RATE INTERVENTION DIVISION;  
AIR PRODUCTS AND CHEMICALS, INC.;  
ARMCO, INC.; ASHLAND OIL, INC.;  
HUNTINGTON ALLOYS, INC.; KENTUCKY  
ELECTRIC STEEL COMPANY; JOHN HENRY  
WARD; BERT DIAMOND; SADA CRUM; and  
CONCERNED CITIZENS OF MARTIN COUNTY

APPELLEES

REVERSING

\* \* \* \* \*

BEFORE: DYCHE, REYNOLDS and WEST, Judges.

REYNOLDS, JUDGE. Kentucky Power Company (KP) brings this appeal from a judgment of the Franklin Circuit Court, which affirmed a decision of the Kentucky Public Service Commission (PSC). The PSC had disallowed, in a rate making procedure, certain expenses of KP concerned with the purchase of 15% of the electrical power generated by a Rockport, Indiana, power plant and with the construction of an extra high voltage transmission line.

PSC STAFF EXHIBIT 8



This situation contains a complex procedural history. KP, appellant herein, provides electric service to a number of Kentucky counties. It is a wholly owned subsidiary of American Electric Power Company, Inc. (AEP), a utility holding company which supplies electric power, through various subsidiary companies, to customers in several states. The appellees include the PSC, the Kentucky Attorney General, and organizations representing individuals and companies which have opposed rate making requests filed by KP. Two components of these requests, the Rockport plant and the transmission line, have caused the most controversy.

KP had initially sought, in 1978, a certificate of convenience to enable it to purchase a 15% undivided interest in a new coal-fired power plant being constructed by another AEP subsidiary in Rockport. Initially, the PSC denied the request. The PSC cited, among other factors, plans for KP to increase its own generating capacity in Kentucky. In 1981, after KP had abandoned the plans to increase its generating capacity, the PSC reconsidered the request and granted the certificate. Additional hearings were held in 1983 and, at that time, the PSC reaffirmed this decision.

On August 2, 1984, the PSC, again, reversed itself, denying KP's application for a certificate of convenience. The PSC had considered a power pool agreement entered into by the subsidiaries of AEP and, based upon the PSC's interpretation of this agreement, concluded that KP could more economically obtain

needed capacity by purchasing surplus power from the AEP power pool.

While these administrative proceedings were still pending, KP attempted to obtain capacity from Rockport through another method. Along with several other AEP subsidiaries, KP entered into a unit power agreement. Although KP would not own 15% of Rockport under this agreement, the agreement does require that KP purchase 15% of the power output of the facility. This agreement was submitted to, and approved by, the Federal Energy Regulatory Commission (FERC).

On December 4, 1986, the PSC ruled that KP had acted imprudently by entering into the unit power agreement since they still had the option of purchasing lower cost, surplus, power from the AEP power pool. Thus, a portion of KP's rate request, concerning the purchase of Rockport power, was denied. This decision was appealed to the Franklin Circuit Court, which affirmed the PSC's order. KP then appealed to this Court.

While this matter was being litigated in Kentucky, the FERC continued to consider motions concerning its approval of the unit power agreement. Many of these motions were filed by the appellees now before this Court. Several decisions, supplementing FERC's initial approval of the unit power agreement, were rendered, and some of FERC's findings appear to have a direct relationship to the controversy before us. Specifically, in a decision issued on March 12, 1987, FERC concluded that KP did not have the option of continuing to purchase surplus power from the AEP power pool. AEP Generating

Company, 38 FERC ¶61,243 (1987). This conclusion directly conflicts with the findings of the Kentucky PSC. FERC also held that the question of whether KP was prudent in entering the unit power agreement lies within FERC's exclusive jurisdiction. Id.

The second major disagreement between the parties before this Court concerns the construction of an extra high voltage transmission line connecting the Hanging Rock substation in Ohio with the Jefferson substation in Indiana ("Hanging Rock Line"). Each substation is owned by an AEP subsidiary. Much of the 155 mile line traverses Kentucky. In 1974, KP applied to the PSC for authorization to construct the Hanging Rock Line. The estimated cost of the line was \$55 million, and the application said that KP would only be responsible for 5% of the total cost. This application was approved by the PSC.

Before the construction was completed, however, KP and other subsidiaries of AEP agreed to changes in the transmission agreement, previously filed with the FERC. A portion of the agreement governs the construction of transmission lines, such as the Hanging Rock Line, and the method of allocating costs to the various subsidiaries. The proposed changes would set up an allocation system known as a transmission equalization agreement which would, according to appellant, equalize the costs paid by the various subsidiary companies. FERC subsequently approved these changes. In 1983, relying on the newly-amended transmission agreement, KP informed the PSC that the cost of the Hanging Rock Line had risen to \$123 million, and that KP would now be responsible for the entire cost.

Upon receiving this new information, the PSC began an investigation of the Hanging Rock Line. The PSC concluded that KP should only be allowed to recover 44% of the \$123 million cost of the new line through increased rates. This was the percentage of the line which would benefit KP's customers, according to the PSC's findings. The Franklin Circuit Court affirmed the PSC's order, and the question of KP's allowable recovery is now before this Court. As with the unit power agreement discussed above, however, the FERC has also issued decisions which directly relate to this controversy. Specifically, the FERC held that they were the only body with "authority to determine just and reasonable allocations of costs and rates among the members of an integrated interstate system." American Electric Power Service Corporation, 37 FERC ¶61,001 (1986).

We note that the two FERC decisions referred to above were issued after the judgment of the Franklin Circuit Court, which is the subject of this appeal. Nevertheless, since these decisions are concerned with the same parties and issues before this Court, and are sometimes directly in conflict with the judgment of the circuit court, they should be considered. See Williams v. Board of Education of Paintsville, 274 Ky. 624, 119 S.W.2d 642 (1938). The first question we will consider, therefore, is whether this Court has jurisdiction in this controversy, or if we have been pre-empted by decisions of the FERC. If we conclude that we have jurisdiction, this then becomes a substantial evidence question.

On the issue of jurisdiction, we are directed to the recent United States Supreme Court case of Nantahala Power and Light Company v. Thornburg, 476 U.S. 953, 106 S.Ct. 2349, 90 L.Ed.2d 943 (1986). In Nantahala, the High Court reaffirmed that, under the Federal Power Act (16 U.S.C. §824 et. seq.), FERC has exclusive jurisdiction over interstate power rates. Id., 106 S.Ct. at 2357. "Once FERC sets such a rate, a state may not conclude in setting retail rates that the FERC-approved wholesale rates are unreasonable." Id.; see also Narragansett Electric Company v. Burke, 119 R.I. 559, 381 A.2d 1358 (1977), cert. denied 435 U.S. 972 (1978). These decisions have been interpreted to hold that "once FERC permits a utility to charge a rate reflecting investment in a particular plant, a state commission may be obligated to reflect such an investment in the retail rate base." Mississippi Industries v. Federal Energy Regulatory Commission, 808 F.2d 1525, 1548 (D.C. Cir. 1987), modified in other respects, 814 F.2d 773 (D.C. Cir. 1987), 822 F.2d 1103 (D.C. Cir. 1987), 822 F.2d 1104 (D.C. Cir. 1987), cert. denied 108 S. Ct. 500, 501 (1987).

Appellees contend that the holding of Nantahala is inapplicable, because the PSC did not say that the FERC-approved rates were unreasonable. Rather, the PSC held that KP could meet their power capacity through two reasonable methods; the Rockport plant and the AEP power pool. The Supreme Court has held that "a particular quantity of power procured by a utility from a particular source could be deemed unreasonably excessive if lower-cost power is available elsewhere, even though the

higher-cost power actually purchased is obtained at a FERC-approved, and therefore reasonable, price." Nantahala, 106 S.Ct. at 2360. This doctrine, commonly referred to as the Pike County exception, holds that FERC has no power to regulate the state's choice of power, as long as there are available alternatives. See Pike County Light and Power Company v. Pennsylvania Public Utility Commission, 77 Pa. Commw. 268, 465 A.2d 735 (1983).

In the situation sub judice, the PSC has held that the purchase of surplus power from the AEP power pool was a reasonable, and lower-cost, alternative. As stated above, however, the FERC has held that the purchase of surplus power was not an alternative. The Supreme Court has held that where a state commission's rationale is directly counter to an order of the FERC, the FERC's decision preempts that of the state. Nantahala, 106 S.Ct. at 2358. It appears to this Court, therefore, that the state's hands are tied. The decision of the PSC, affirmed by the circuit court, was largely based on the existence of a lower cost alternative to the purchase of power from the Rockport plant. Since we are directed by Nantahala to uphold FERC's determination then there is no alternative, the portion of the judgment of the Franklin Circuit Court concerning the purchase of this power must be reversed.

Having concluded that the state PSC has been preempted by federal authorities, we find no reason to discuss appellant's commerce clause argument. We now turn to the second major area

of controversy - - the allocation of costs for the Hanging Rock Line. This issue contains many similarities to the first issue.

In a recent decision involving the same transmission agreement that is now before this Court, the United States Court of Appeals for the Fourth Circuit held that states do not have the authority to consider the prudence of such agreements.

Appalachian Power Company v. Public Service Commission of West Virginia, 812 F.2d 898 (4th Cir. 1987). Citing Nantahala, the Fourth Circuit concluded that:

[S]tates are powerless to exert authority that potentially conflicts with FERC determinations regarding rates or agreements affecting rates . . . .

. . . .

Allowing the states to make the kind of prudence inquiry urged in this case not only would pose the potential for direct conflict with FERC pronouncements but also would impede accomplishments of the purposes of the FPA [Federal Power Act].

Id., 812 F.2d at 904. Appellant contends that the decision of state authorities to limit the amount that KP can recover through this rate making procedure would allow KP's customers to receive the benefits of AEP's system of transmission lines without paying the full cost proscribed by the transmission equalization agreement. We agree.

One purpose of the transmission equalization agreement is to provide an integrated system in which the various subsidiaries of AEP would share in the costs of constructing and maintaining an interstate system of transmission lines. Each member's share would be based upon its demand for power compared

with the demand of the AEP system as a whole. Previous to this agreement, each AEP subsidiary was only responsible for construction and maintenance costs incurred within its own territory.

While the Kentucky PSC has not challenged KP's participation in the transmission equalization agreement, it has limited KP's recovery to the amount it found to be "used or useful in Kentucky operations." December 4, 1984, Order of The Kentucky Public Service Commission in Case No. 9061, p. 20. This order, limiting KP's recovery to 44% of the cost of the Hanging Rock Line, was affirmed by the circuit court. Such decisions by state authorities, however, have been held to usurp the authority of the FERC.

No single state commission has the jurisdiction, and neither can it be expected to have the competence or inclination, to make this broad determination. The likelihood of conflict in allowing each state to consider the TEA [Transmission Equalization Agreement] separately is highlighted by the conflicting contentions of the various states represented before the FERC proceedings regarding the TEA. Consumer groups and commissions from the various states associated with the AEP system claim that their states' citizens are unduly burdened relative to other states. Only FERC has the objectivity and comprehensive overview that transcends these local concerns.

. . .

Because it is fundamentally at odds with the scheme Congress has established in the FPA [Federal Power Act] to allow the states to change the arrangements filed with or established by FERC, we find the authority the PSC asserts here violative of the supremacy clause. State regulatory authorities must give effect in calculating



retail rates to the costs and allocations reflected in the federally regulated transactions that precede final retail sale of energy.

Id., 812 F.2d at 905.

Because of the language in the above decision and in Nantahala, supra, we conclude that the Kentucky PSC lacked jurisdiction to limit the amount that KP could recover as its costs of the Hanging Rock Line. If appellees believe that the transmission equalization agreement places an unfair burden on themselves and on KP's customers, there are methods to appeal to the FERC, which has exclusive jurisdiction over this agreement. We therefore also reverse the portion of the circuit court's judgment concerning the Hanging Rock Line.

Having concluded that the PSC lacked jurisdiction in this instance, we find it unnecessary to discuss KP's arguments concerning the commerce clause or the unlawful confiscation of property. We note, however, that appellant has requested (at the conclusion of its initial brief to this Court) that we direct the PSC to impose a surcharge on KP's customers which would enable KP to "recover the revenues lost since the December 4, 1984 order of the Commission." The issue of a surcharge was not raised on appellant's prehearing statement. Thus, a surcharge will not be considered by this Court. CR 76.14(6).

The judgment of the Franklin Circuit Court is reversed and the case is remanded for proceedings consistent with this opinion.

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