

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)	
POWER COMPANY FOR (1) A GENERAL)	
ADJUSTMENT OF ITS RATES FOR ELECTRIC)	
SERVICE; (2) APPROVAL OF TARIFFS AND)	
RIDERS; (3) APPROVAL OF ACCOUNTING)	CASE NO.
PRACTICES TO ESTABLISH REGULATORY)	2023-00159
ASSETS AND LIABILITIES; (4) A)	
SECURITIZATION FINANCING ORDER; AND (5))	
ALL OTHER REQUIRED APPROVALS AND)	
RELIEF)	

COMMISSION STAFF'S SIXTH REQUEST FOR INFORMATION
TO KENTUCKY POWER COMPANY

Kentucky Power Company (Kentucky Power), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on November 13, 2023. The Commission directs Kentucky Power to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Kentucky Power shall make timely amendment to any prior response if Kentucky Power obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Kentucky Power fails or refuses to furnish all or part of the requested information, Kentucky Power shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

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

1. Refer to the Application, Section V, Exhibit 2, page 50, and the Direct Testimony of Lane Kollen, pages 47–48. Provide the property tax expense workpapers, all supporting calculations, and documentation in Excel spreadsheet format with all

formulas, columns, and rows unprotected and fully accessible. Include in the response the basis for the net estimated property tax.

2. Refer to Kentucky Power's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 63. Confirm that the financing arrangement for the Mitchell coal stock is the same as Kentucky Power's method in its last rate filing, Case No. 2020-00174.²

3. Refer to Kentucky Power's response to Staff's Second Request, Item 1, Attachment 10. Provide a revised net present value analysis that uses an annual weighted average cost of capital which reflects the maturity of existing debt at current bond yields, including a risk premium. Provide all supporting calculations and documentation in Excel spreadsheet format, with all formulas, columns, and rows unprotected and fully accessible.

4. Refer to Kentucky Power's Response to Commission Staff's Third Request for Information (Staff's Third Request), Item 2, regarding the Series 2014 A Pollution Control Bonds.

a. Provide the original case number approving the bonds and cite the order language permitting remarketing.

b. Provide the dates for each time the bonds have been remarketed.

c. Provide the interest rate for each time the bonds have been remarketed.

² Case No. 2020-00174, *Electronic Application of Kentucky Power Company for (1) a General Adjustment of Its Rates for Electric Service; (2) Approval of Tariffs and Riders; (3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; (4) Approval of a Certificate of Public Convenience and Necessity; and (5) All Other Required Approvals and Relief* (Ky. PSC Jan. 13, 2021).

d. Provide the difference in expense of financing for each year from the date of Commission approval of the indebtedness to the present date, including but not limited to interest expense and remarketing expense.

5. Refer to Kentucky Power's Response to Commission Staff's Fifth Request for Information (Staff's Fifth Request), Item 3. Explain how it was determined that the amount to be refunded to residential customers was \$26,391.44, the amount taken from customer bills, and not \$69,749.80, the amount taken from Kentucky Power's ledger.

6. Refer to Kentucky Power's Response to Staff's Fifth Request, Item 8. The response was non-responsive as it only provided a narrative of how the subscription rates were developed, and not the calculations themselves. Provide the supporting calculations used to arrive at the subscription rates for the Renewable Power Option Rider in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

7. Provide an update on the sale of accounts receivable. Provide any supporting documentation, including the resumption date.

8. For the past 12 years, provide the total amount of the PJM Open Access Transmission Tariff Load Serving Entity expenses for American Electric Power Company (AEP) and the amount allocated to Kentucky Power. Include the percentage used for allocation for each year.

9. State whether Kentucky Power is allocated costs for AEP corporate aircraft. If so, provide the test-year amount allocated to Kentucky Power and provide the account and the line item in which the costs are recorded.

10. For the past five years, provide graphs of average customer energy usage by month for customers served under Tariff Residential Service in which the x axis of the graph is the months of the year and y axis is the kWh used. Provide the statistical information to support the graphs in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

11. For the past five years, provide graphs of average customer energy usage by month for customers served under Tariff Residential Service and participating/enrolled in Low Income Heating Energy Assistance Program (LIHEAP) in which the x axis of the graph is the months of the year and y axis is the kWh used. Provide the statistical information to support the graphs in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

12. Provide the estimate of marginal cost of capital during the period when Kentucky Power expects to utilize the securitization proceeds.

13. Refer to the Application, Exhibit 5, page 33, paragraph 45, Finding of Fact 45. Also refer to the Direct Testimony of Katherine I. Walsh, page 20; the Direct Testimony of Brian K. West, pages 27–28; and the Direct Testimony of Franz D. Messner, page 9.

a. Provide the amount of quantifiable net present value benefit to customers if all the proposed securitized bonds are issued in three tranches (1) one with level annual debt service and tenor of five years, and financing only the Tariff P.P.A. Under -Recovery Regulatory Asset (approximately \$51 million net of ADIT); (2) a second with a tenor of ten years financing Storm Expense Regulatory Asset and Rockport Deferral Regulatory Asset (totaling approximately \$132 million net of ADIT); and (3) a

third with a tenor of 17 years financing Decommissioning Rider Regulatory Asset (approximately \$266 million net of ADIT). The second tranche should pay interest only until maturity of the first tranche (end of year five), and then pay level annual debt service over the following 12 years. The third tranche should pay interest only until maturity of the second tranche (end of year ten) and then pay level annual debt service over the following 7 years. Use interest rates that are consistent with KPCO_R_KPSC_2_1_Attachment10_MessnerWP1. Provide all calculations in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

b. Provide the amount of quantifiable net present value benefit to customers if all the proposed securitized bonds are issued in three separate series rather than three tranches: (1) one with level annual debt service and tenor of five years, and financing only the Tariff P.P.A. Under-Recovery Regulatory Asset (approximately \$51 million net of ADIT); (2) a second with a tenor of 10 years with level annual debt service for the entire 10 years financing Storm Expense Regulatory Asset and Rockport Deferral Regulatory Asset (totaling approximately \$132 million net of ADIT); and (3) a third with a tenor of 17 years with level annual debt service for the entire 17 years financing Decommissioning Rider Regulatory Asset (approximately \$266 million net of ADIT). Use interest rates that are consistent with KPCO_R_KPSC_2_1_Attachment10_MessnerWP1. Provide all calculations in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

14. Refer to KPCO_SR_KPSC_4_4_Attachment1, Tab Upfront & Ongoing Costs.

a. Explain why it is assumed that ongoing servicer fees will be 10 percent of the principal amount of \$446,766,000 amounting to \$353,500 semi-annually when other utility securitization transactions have servicer fees of 0.05 percent of the principal amount.

b. Explain why the servicer fee assumed for the scenarios with two smaller principal amounts, both for 17- and 5-years tenors and also for 17- and 5-year WALs, each have the same \$353,500 semi-annual servicer fee even though the principal amount for each is much smaller than \$446.7 million.

c. Provide a list of reported servicer fees as a percentage of principal amount for all prior AEP securitization transactions.

15. Refer to KPCO_SR_KPSC_4_4_Attachment1, tab Conventional All Other and tab ADIT Offset-WACC. Explain why the Conventional All Other regulatory asset is assumed to be amortized over 60 months (5 years), but the associated ADIT balance is amortized over 54 months (4.5 years).



FOR

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DATED OCT 30 2023

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