COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY POWER COMPANY FOR (1) A GENERAL ADJUSTMENT OF ITS RATES FOR ELECTRIC SERVICE; (2) APPROVAL OF TARIFFS AND RIDERS; (3) APPROVAL OF CERTAIN REGULATORY AND ACCOUNTING TREATMENTS; AND (4) ALL OTHER REQUIRED APPROVALS AND RELIEF	))))))))	CASE NO. 2025-00257

COMMISSION STAFF'S THIRD 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 3, 2025. The Commission directs Kentucky Power to the Commission's July 22, 2021 Order in Case No. 2020-00085[1] 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 Direct Testimony of Tanner Wolfram (Wolfram Direct Testimony), page 26. Provide the amount of gains or losses on gas sales for the last five years.

2. Refer to the Wolfram Direct Testimony, page 27 and the Direct Testimony of Clinton Stutler (Stutler Direct Testimony), page 10.

a. Provide the base amount of gains and losses on gas sales that Kentucky Power proposes.

b. Provide the proposed amortization period for the test year losses of $1.872 million.

3. Refer to the Wolfram Direct Testimony, page 28. Explain the causes of the test year losses of $1.872 million.

4. Refer to the Direct Testimony of Stevi N. Cobern, page 24, lines 1–22. Also refer to Commission regulation 807 KAR 5:054, Section 7(2), which requires electric utilities to prepare standard rates for purchases from qualifying utilities with a design capacity of 100 kilowatts or less. Also refer to Commission regulation 807 KAR 5:054, Section 7(4), which requires electric utilities to prepare standard rates for purchases from qualifying utilities with a design of 100 kilowatts or more that are to be used only as the basis for negotiating a final purchase rate with qualifying facilities. With the distinction that the standard rates for purchases from qualifying facilities with a design of 100 kilowatts or more are only to be used as the basis for negotiating a final purchase rate, a requirement that is not contained in 807 KAR 5:054, Section 7(2), explain how it is reasonable to combine Tariff COGEN/SPP I and Tariff COGEN/SPP II.

5. Refer to the Direct Testimony of John Cullop (Cullop Direct Testimony), Exhibit JDC-2 and the Application, Section V, Exhibit 1, page 2. Confirm that the adjusted environmental base amount is included in the $1,872,259,310 of rate base.

6. Refer to the Cullop Direct Testimony, Exhibit JDC-2. Explain whether Kentucky Power is proposing to include any environmental compliance expenses in base rates. If so, provide the amount and kinds of expenses.

7. Refer to the Stutler Direct Testimony, page 8.

a. Explain when Columbia Gas Transmission, LLC (Columbia Transmission) requires Kentucky Power to cash out its position in the Operating Balancing Account (OBA).

b. State whether Kentucky Power uses any pipeline other than Columbia Transmission.

c. Provide Kentucky Power's maximum balance in its OBA for Columbia Transmission and any other pipelines.

8. Refer to the Stutler Direct Testimony, page 9.

a. State which entity requires Kentucky Power to sell excess gas and how the amount is determined.

b. State whether Kentucky Power is allowed to make bilateral sales of excess gas.

9. Refer to the Direct Testimony of Franz D. Messner (Messner Direct Testimony) at page 10, lines 11-14. Refer also to the final Order in Case No. 2023-00159[2] which stated that Kentucky Power resumed accounts receivable financing in mid-July 2023.

[2] Case No. 2023-00159, *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) A Securitization Financing Order; And (5) All Other Required Approvals and Relief* (Ky. PSC Jan. 19, 2024), Order at 47.

a. Confirm whether Kentucky Power has continued the sale of accounts receivable since mid-July 2023.

b. If confirmed, explain why the sale of accounts receivable was excluded in this proceeding.

c. Provide the amount of outstanding Accounts Receivable Financing as of the end of the test period.

10. Refer to the Direct Testimony of Jeffrey D. Newcomb (Newcomb Direct Testimony) at 9. If Kentucky Power were to receive an increase in its Return on Equity (ROE) in this proceeding, explain the direct effect Kentucky Power would expect that would have on its earned ROE considering the referenced drivers of Kentucky Power's earned ROE.

11. Refer to Kentucky Power's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 1, Attachment.

a. Explain why the Attachment includes amounts billed and collected for residential delayed payment charges each year given that the Commission directed Kentucky Power to cease charging the delayed payment charge to residential customers in Case No. 2020-00174.[3]

b. For years 2023, 2024, and the test year, explain why the amounts recovered for residential delayed payment charges exceed the amounts billed.

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[3] 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).

12. Refer to Kentucky Power's response to Staff's Second Request, Item 30(b). Provide supporting documentation from the bank showing that Kentucky Power is charged $6.60 for each returned check.

13. Refer to Kentucky Power's response to Staff's Second Request, Item 41.

a. Explain how Kentucky Power will determine the appropriate contract length for individual qualifying facilities.

b. Explain whether a contract term of over 5-years and up to 20-years would shift risk to Kentucky Power's ratepayers.

c. If so, explain how Kentucky Power would alleviate that risk.

14. Refer to Kentucky Power's response to Staff's Second Request, Item 41. Also refer to the Commission's September 24, 2021 Orders in Case Nos. 2020-00349[4] and 2020-00350[5].

a. Explain why the Commission should approve an up to 20-year QF contract term in this proceeding when it explicitly rejected the same contract term in favor of a 7-year QF contract term in Case Nos. 2020-00349 and 2020-00350.

b. Provide the contract term for each existing special contract that Kentucky Power has with a Qualifying Facility.

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[4] Case No. 2020-00349, *Electronic Application of Kentucky Utilities Company for an Adjustment of its Electric Rates, A Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit* (Ky. PSC Sept. 24, 2021), Order at 27–28.

[5] Case No. 2020-00350, *Electronic Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Rates, A Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit* (Ky. PSC Sept. 24, 2021), Order at 27–28.

c. Explain whether Kentucky Power is aware of any QFs having issues with obtaining financing due to the length of a contract term.

15. Refer to Kentucky Power's response to the Office of the Attorney General and Kentucky Industrial Utility Customer's (Attorney General-KIUC, collectively) First Request for Information (Attorney General-KIUC's First Request), Item 12.

a. Explain whether Kentucky Power customer service representatives have to take any action to disconnect FlexPay customers whose balance has reached $0 or whether the disconnection occurs automatically during the set time frame.

b. If the disconnection occurs automatically with no customer service representative involvement, explain how the system would determine not to disconnect FlexPay customers due to temperatures being forecast to be 32 degrees or below or 95 degrees or higher.

16. Refer to Kentucky Power's response to the Attorney General-KIUC's First Request, Item 13.

a. Identify all payment methods that will be available to FlexPay customers and indicate which ones will cause a customer to incur additional transaction costs.

b. For each payment method that will cause customers to incur additional fees, explain whether the customer will pay the fee directly to the processing company or whether Kentucky Power would collect the fee.

17. Refer to the Direct Testimony of Michele Ross, pages 15-22 and Kentucky Power's response to Staff's Second Request, Item 31.

a. State what period of time the annualized TIR expense calculated on page 19 of the Direct Testimony of Michele Ross was based on.

b. State how much of the TIR expense was capitalized, if any.

c. Provide a yearly breakdown of the transmission and distribution repair expense associated with damage caused by vegetation for the five-year period prior to the initiation of the TOR program and for the period since the TOR program began, as well as inflation-adjusted cost.

d. Explain how Kentucky Power determined the need for an additional $18 million in TOR budget.

18. Refer to Refer to the Cullop Direct Testimony, page 16 and Exhibit JDC-6, pages 46-47 of 50. Explain how Kentucky Power determined what percentage (approx. 16.6 percent) to allocate to lobbying activities.

19. Refer to Kentucky Power's responses to Attorney General-KIUC's First Request, Item 51, KPCO_R_AG_KIUC_1_44_Attachment1 (Est. Tax Calc). Explain the difference between the $13,567,522 and $15,412,943 calculations.

20. Refer to Kentucky Power's response to Staff's Second Request, Item 94(c). Response is not fully responsive to request. Provide a yearly breakdown of Kentucky Power's natural gas net hedging gains or losses since 2015. Previous response only went back to March 2023, despite loss on incidental gas sales data being included in application going back to 2020.

21. Refer to Kentucky Power's response to Staff's Second Request, Item 43. Explain whether the 1,500-kWh notification threshold will be advertised to customers prior to signing up for the FlexPay program.

22. Refer to Kentucky Power's response to Staff's Second Request, Item 57. The term "cost-based rates" refers to the customer, energy, and applicable demand charges that make up the revenue necessary for each service class as allocated by the cost-of-service-study. For example, for the allocated customer-related costs for each class, provide what the customer charge would be to recover that cost. Provide the cost-based rates in table format for all classes applicable.

23. Explain in detail whether Kentucky Power has considered using seasonal rates for the high-use residential customers. Additionally, provide the pros and cons for a seasonal rate for high-use residential customers.

24. Refer to Case No. 2025-00059.[6]

a. Confirm whether Kentucky Power still expects to issue $300 million for the refinancing of two $150 million term loans given that Kentucky Power stated the issuance will likely not occur if the securitization occurred and was not delayed.

b. Provide whether Kentucky Power has issued any indebtedness related to its financing approval in Case No. 2025-00059. If so, provide the amount and terms of the indebtedness.

c. Provide whether any indebtedness related to Case No. 2025-00059 was included in the application or any analysis in this proceeding.

[6]Case No. 2025-00059, *Electronic Application of Kentucky Power Company for Authority Pursuant to KRS 278.300 To Issue and Sell Promissory Notes of One Or More Series and For Other Authorization* (Ky. PSC May 9, 2025), Order.

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DATED OCT 23 2025

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