

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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 )

CASE NO.  
2012-00578

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

Kentucky Power Company ("Kentucky Power"), pursuant to 807 KAR 5:001, is to file with the Commission the original and eight copies of the following information, with a copy to all parties of record. The information requested herein is due no later than May 22, 2013. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be

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

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

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

1. Refer to page 9, lines 16-23, of the Rebuttal Testimony of Karl R. Bletzacker ("Bletzacker Rebuttal").

a. Provide the "indicative elasticity" values based on the EIA AEO 2013 (Early Release). The estimates should be carried to the third decimal place.

b. Provide the "indicative elasticity" values used in the earlier analysis based on the EIA AEO 2011. The estimates should be carried to the third decimal place.

c. Discuss any significant differences between the two sets of estimates and their potential impact on the resulting commodity price estimates.

2. Refer to Exhibit SCW-3 of the Direct Testimony of Scott C. Weaver. Provide an update to this exhibit based on the commodity price update analysis, as described at page 8, lines 20-22, of the Bletzacker Rebuttal, using the updated analysis based on the EIA 2013 (Early Release) AEO. Include all analysis associated with Kentucky Power's review of updated data.

3. Refer to Exhibit SCW-3R of the Rebuttal Testimony of Scott C. Weaver ("Weaver Rebuttal"). Provide work papers, in Excel format with formulas intact and unprotected, that includes the source of information costs in the impairment analysis used in preparation of Exhibit SCW-3R.

4. Provide spreadsheets, in Excel format with formulas intact and unprotected, for all data Witness Bletzacker provided to Witness Weaver for use in the analysis in the Weaver Rebuttal.

5. Provide any analysis or data collected that reviews the sale of coal plants by other utilities in the last three years in the northeast. Include any cost data, attempts to normalize relative to the Mitchell Plant units, or other data that provides a comparison of the proposed sales prices of the Mitchell Plant units.

6. Explain the reason for the Big Sandy 2 Natural Gas Combined Cycle ("NGCC") capital cost estimate of \$1,168/kW versus the Energy Information Administration ("EIA") capital cost estimate of \$917/kW.

7. Provide any analysis regarding the cost of installing an NGCC that could replace some or all of the power proposed in the Mitchell Plant sale. Indicate sites reviewed, technology considered, and comparisons to other units built. Provide data or

support from other sources of information such as the Electric Power Research Institute, EIA, the United States Environmental Protection Agency, and/or other suppliers or contractors.

8. Refer to RKW-Exhibit 4 of the Direct Testimony of Ranie K. Wohnhas. Kentucky Power estimates that, based on calendar year 2011 sales revenues, its revenue requirement would increase by approximately 8 percent in the first year after it acquires 50 percent of the Mitchell Plant. Using Kentucky Power's 2012 sales revenues, and assuming the acquisition of 50 percent of the Mitchell Plant, provide the percent change in revenue requirement for: a) the first year after the Mitchell acquisition; and b) the first year after Big Sandy 2 is retired.

9. Refer to Exhibit LPM-2 of the Direct Testimony of Lila P. Munsey in Case No. 2011-00401.<sup>1</sup> Kentucky Power estimated that, based on the Kentucky Jurisdictional Revenues for the 12 months ending August 2011, its revenue requirement would increase by approximately 31 percent in the first year that the Big Sandy 2 Dry Flue-Gas Desulfurization ("Scrubber") is placed into service.

a. State whether, and if so where, this exhibit reflects the lower cost for fuel at Big Sandy 2 due to the installation of a Scrubber, and provide the amount of reduction in fuel cost.

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<sup>1</sup> Case No. 2011-00401, Application of Kentucky Power Company for Approval of Its 2011 Environmental Compliance Plan, for Approval of Its Amended Environmental Cost Recovery Surcharge Tariff, and for the Grant of a Certificate of Public Convenience and Necessity for the Construction and Acquisition of Related Facilities (Ky. PSC May 31, 2012).

b. Explain whether the level of fuel revenues reflected on line 16, titled "KY Jurisdiction 12-month Revenue (Exhibit LPM – 5, L 13, C3)," is the actual level of fuel revenues for the 12 months ended August 2011.

c. Provide an update of the Scrubber costs based on actual 12-months ended 2012 Kentucky jurisdictional revenue kWh sales.



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Jeff Derguen  
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DATED           MAY 15 2013          

cc: Parties of Record

Case No. 2012-00578

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