

August 10, 2012

Mark R. Overstreet  
(502) 209-1219  
(502) 223-4387 FAX  
moverstreet@stites.com

**HAND DELIVERED**

Jeff R. Derouen  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602-0615

**RECEIVED**

AUG 10 2012

PUBLIC SERVICE  
COMMISSION

RE: Case No. 2012-00226

Dear Mr. Derouen:

Enclosed please find and accept for filing the original and ten copies of Kentucky Power Company's Responses to the Second Data Requests of the Commission Staff and Kentucky Industrial Utility Customers, Inc. Also enclosed is an accompanying Petition for Confidential Treatment.

By copy of this letter I am serving the responses and the Petition on counsel for Kentucky Industrial Utility Customers, Inc. and the Attorney General.

Please do not hesitate to contact me if you have any questions.

Very truly yours,

STITES & HARBISON, PLLC

Mark R. Overstreet

MRO

cc: Michael L. Kurtz (By Overnight Delivery)  
Dennis G. Howard II

RECEIVED  
AUG 10 2012  
PUBLIC SERVICE  
COMMISSION

COMMONWEALTH OF KENTUCKY  
BEFORE THE  
PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF

APPLICATION OF KENTUCKY POWER COMPANY )  
TO WITHDRAW ITS TARIFF RTP PENDING )  
SUBMISSION BY THE COMPANY AND APPROVAL) CASE NO. 2012-00226  
BY THE COMMISSION OF A NEW REAL-TIME )  
PRICING TARIFF )

KENTUCKY POWER COMPANY'S RESPONSE TO  
KIUC SUPPLEMENTAL SET OF DATA REQUESTS

August 10, 2012



**Kentucky Power Company**

**REQUEST**

Refer to the Company's response to KIUC Q1-10. Please identify each customer that informed the Company that "they would shift very little load from higher-priced periods to lower-priced periods." Also please provide copies of all documents supporting the customer's stated intention to "shift very little load from higher-priced periods to lower-priced periods."

**RESPONSE**

During conversations with Catlettsburg Refining, EQT, and Air Products, each indicated that as a result of its normally high load factor, it would not be modifying its operations by shifting any load to lower-priced periods. KPCo does not have any correspondence or written documentation with these customers regarding the shifting of load.

**WITNESS:** Ranie K. Wohnhas

**Kentucky Power Company**

**REQUEST**

Explain whether any customers taking service under the existing Tariff RTP have indicated that they may shift any portion of their load from higher-priced to lower-priced periods. If so:

- a. Please describe the amount of load any such customers have indicated they will shift from higher-priced to lower-priced periods.
- b. Please provide copies of all documents supporting the customer's statement that they may shift any portion of their load from higher-priced periods to lower-priced periods.

**RESPONSE**

- a-b. No customer has committed to shift any load from higher-priced periods to lower-priced periods. Upon inquiry, AK Steel indicated it has the ability to shift up to 10 MW to lower-priced periods. Please see pages 2 through 5 of this response for a copy of the relevant document.


**WITNESS:** Ranie K. Wohnhas



Steve.Etsler@aksteel.com  
05/30/2012 01:44 PM

To jsmann@aep.com  
cc  
bcc

Subject Re: REAL TIME RATE

History:  This message has been forwarded.

The Galvanizing line runs about 10 MW when it is running.

Steve Etsler  
Manager-Purchasing Electric/Natural Gas/Water  
AK Steel  
9227 Centre Pointe Drive  
West Chester, Ohio 45069  
513-425-2723 (o)  
513-425-5562 (f)

From: jsmann@aep.com  
To: Steve.Etsler@aksteel.com  
Date: 05/30/2012 01:41 PM  
Subject: Re: REAL TIME RATE

Steve:

Do you know how much load in MW that would be shifted?

I do not have any information on the filing at this time and no future rate information has been shared with any other customer.

I do not expect to have you any information prior to Friday.

Scott Mann  
National Account Manager  
American Electric Power  
707 Virginia Street East  
Charleston, WV 25301  
PO Box 1986  
Charleston, WV 25327  
(304) 348-4167 (Office)  
(304) 320-4198 (Cell)  
(304) 348-4158 (Fax)  
jsmann@aep.com  
[www.AEPNationalAccounts.com](http://www.AEPNationalAccounts.com)

"A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty." -  
Sir Winston Churchill

Steve.Etsler@aksteel.com

05/30/2012 01:30 PM

To jsmann@aep.com  
cc  
Subject Re: REAL TIME RATE

It would be nice to see what changes you are trying to make before I sign up. Any chance if getting a preview of the rate before you go to all that trouble? I am out tomorrow but back on Friday.

If we do go on the rate, I expect the plant to make better use of off peak as opposed to on peak. I would have them move any galvanizing etc to off peak, maybe weekend right off the bat,

If you want to put me on for 30 days with a right to get off if the rates are major bad, then ok.  
If you get me some info, I can probably tell you yes or no as soon as you do.

I will also check with the KUIIC group and attorneys and see what they have. Did you share the rate changes with Marathon?

Steve Etsler  
Manager-Purchasing Electric/Natural Gas/Water  
AK Steel  
9227 Centre Pointe Drive  
West Chester, Ohio 45069  
513-425-2723 (o)  
513-425-5562 (f)

From: jsmann@aep.com  
To: Steve.Etsler@aksteel.com  
Date: 05/30/2012 01:22 PM  
Subject: Re: REAL TIME RATE

Hello, Steve.

You can be moved to RTP with an addendum to your existing contract. I am expecting a filing by June 1 for new RTP rates effective July 1, by week's end.

Questions:

- Are you expecting a drastic change in your operation, if you move to RTP?
- Do you wish to lock in to a year term, even if the RTP changes July 1?

Considering that the filing coincides with your request date, I am working toward sending you a copy of the filed changes to RTP and an addendum together, letting you decide if you still want to make this switch. The switch can still be effective June 1, but you would be subject to the changes July 1. I expect that you could have this as early as Friday. Is that OK?

Regards,

Scott Mann  
National Account Manager  
American Electric Power  
707 Virginia Street East  
Charleston, WV 25301  
PO Box 1986  
Charleston, WV 25327  
(304) 348-4167 (Office)  
(304) 320-4198 (Cell)  
(304) 348-4158 (Fax)

jsmann@aep.com  
[www.AEPNationalAccounts.com](http://www.AEPNationalAccounts.com)

"A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty." -  
Sir Winston Churchill  
Steve.Etsler@aksteel.com

05/30/2012 12:51 PM

To jsmann@aep.com  
cc  
Subject REAL TIME RATE

Am I starting day after tomorrow?

I need to alert the plant so they plan accordingly.

Steve Etsler  
Manager-Purchasing Electric/Natural Gas/Water  
AK Steel  
9227 Centre Pointe Drive  
West Chester, Ohio 45069  
513-425-2723 (o)  
513-425-5562 (f)

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## Kentucky Power Company

### REQUEST

Refer to the Company's Response to KIUC Q1.5. If the Commission were to approve the continuation of existing Tariff RTP, either through its current expiration date or on a permanent basis, does the Company maintain that the 10 customer limitation should likewise be continued? If so, please provide the Company's explanation for continuing the 10 customer limitation to participation in existing Tariff RTP.

### RESPONSE

If the Commission were to deny the Company's application to withdraw Tariff R.T.P. and instead require Kentucky Power to continue to offer service under Tariff R.T.P. until June 2013 (its current expiration date) the customer limit should be maintained at ten. Tariff R.T.P. is an experimental tariff and there is no basis to require the Company to offer service to more customers than those necessary to provide data to evaluate the program. Please see the Company's response to KIUC 1-5. In addition, removing the limitation could require the Company to abandon manual billing and incur the costs associated with a computerized bill program. Finally, under the terms of the tariff no additional customers may be placed under the tariff after July 1, 2012.

The Company does not support the continuation of Tariff R.T.P. after its expiration in June, 2013. Kentucky Power is unaware of the Commission requiring any utility to maintain a real-time-pricing offering using a rate design not requested by the utility. To the extent the Commission believes a real-time-pricing offering should be made available to Kentucky Power's customers after June 2013, the Company has offered its Rider RTP, which is similar in design to the real-time pricing offerings of Louisville Gas & Electric Company and Kentucky Utilities Company. The Company has no reason to believe the Commission would not permit Kentucky Power to offer real-time-pricing service under Rider RTP in lieu of Tariff R.T.P. if the Commission directed the Company to provide a real-time pricing option after the expiration of Tariff R.T.P.

If the Commission should nevertheless require Kentucky Power to offer Tariff R.T.P. after its June 2013 expiration, the limit of ten customers should be reduced to limit the financial harm to the Company and its ratepayers.

WITNESS: Ranie K Wohnhas

**Kentucky Power Company**

**REQUEST**

Refer to the Company's Response to KIUC Q1.5. Please provide an explanation for establishing the 10 customer limitation to participation for Rider RTP.

**RESPONSE**

Because Rider RTP, like Tariff R.T.P., is an experimental proposal, the Company proposes limiting participation to ten customers. As indicated in the Company's Response to KPSC 1-2(b) in Case No. 2007-00166 (a copy of which is attached as page 2 of this response), by limiting participation to ten customers the Company can manually bill customers and avoid the costs associated with developing a computer program to do so. In addition, ten customers were deemed a sufficient population to permit the Commission and the Company to judge the efficacy of the rider.

**WITNESS:** Ranie K. Wohnhas

**KPSC Case No. 2007-00166**  
**Commission Staff's First Set of Data Requests**  
**Order Dated May 21, 2007**  
**Item No. 2**  
**Page 1 of 1**

**Kentucky Power Company**

**REQUEST**

Refer to page 3 of Mr. Foust's testimony where he states that customers qualifying under the QP and COP TOD tariffs will be eligible to participate in the RTP.

- a. How many customers qualify for the RTP pilot under the QP and CIP TOD tariff?
- b. Explain why Kentucky Power wishes to limit the number of participants in the pilot RTP program to ten.
- c. If the total number of customers served under these two tariffs that may wish to participate in the RTP pilot exceeds the 10-customer limit that Kentucky Power proposes, how does Kentucky Power intend to choose the 10 customers that will be allowed to participate?
- d. Explain how the real-time pricing program will be communicated and explained to those customers that are potentially eligible.

**RESPONSE**

- (a) There are 106 customers taking service under tariffs QP and CIP-TOD. All are eligible to participate.
- (b) Kentucky Power limited the number of participants in the pilot program to limit the amount of fixed expenses associated with the pilot program. Ten participants allow the Company to manually bill the participating customers rather than develop an expensive computer billing program that would be required for a large number of participants.
- (c) Customers will be chosen on a first-come basis.
- (d) A letter will be sent to the eligible customers by the Company through the Company's customer representatives that will announce the program. The letter will request that any interested customers should follow-up with the Company's customer representative to get further information and discuss further details regarding the program.

**WITNESS:** Larry C Foust

**Kentucky Power Company**

**REQUEST**

Has any customer of the Company expressed interest in taking service under proposed Rider RTP at any time? If so:

- a. Please indicate how many customers have expressed interest in taking service under proposed Rider RTP and the approximate dates when the customer expressed interest in taking service under proposed Rider RTP.
- b. Please provide copies of all correspondence (letters, emails, informal requests for which there is documentation) from any customer requesting information and/or expressing interest about proposed Rider RTP.
- c. Please provide copies of all correspondence, studies, evaluations, spreadsheets, notes of meetings provided by the Company to any customer regarding Rider RTP in response to a customer request for information or analyses regarding Rider RTP. [Note, customer names or other identifiers can be removed for confidentiality purposes].

**RESPONSE**

No.

**WITNESS:** Ranie K Wohnhas