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PUBLIC SERVICE
COMMISSION

Via Overnight Mail

August 24, 2012

Mr. Jeff Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Case No. 2012-00226

Dear Mr. Derouen:

Please find enclosed the original and ten (10) copies of the DIRECT TESTIMONY AND EXHIBITS OF STEPHEN J. BARON on behalf of KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. for filing in the above-referenced docket.

By copy of this letter, all parties listed on the Certificate of Service have been served. Please place this document of file.

Very Truly Yours,



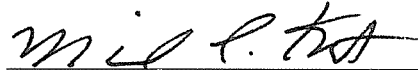
Michael L. Kurtz, Esq.
Kurt J. Boehm, Esq.
Jody M. Kyler, Esq.
BOEHM, KURTZ & LOWRY

MLKkew
Attachment

cc: Certificate of Service
Faith Burns, Esq.
Richard Raff, Esq.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by mailing a true and correct copy via electronic mail (when available) and regular U.S. Mail to all parties on this 24th day of August, 2012.



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COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

**APPLICATION OF KENTUCKY POWER COMPANY)
FOR APPROVAL OF AN EXPERIMENTAL)
REAL-TIME PRICING RIDER)**

CASE NO. 2012-00226

**DIRECT TESTIMONY
AND EXHIBITS
OF
STEPHEN J. BARON**

ON BEHALF OF THE

KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

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

August 2012

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BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

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CASE NO. 2012-00226

DIRECT TESTIMONY OF STEPHEN J. BARON

I. QUALIFICATIONS AND SUMMARY

1

2 **Q. Please state your name and business address.**

2

3 A. My name is Stephen J. Baron. My business address is J. Kennedy and Associates,
4 Inc. ("Kennedy and Associates"), 570 Colonial Park Drive, Suite 305, Roswell,
5 Georgia 30075.

3

4

5

6

7 **Q. What is your occupation and by whom are you employed?**

7

8 A. I am the President and a Principal of Kennedy and Associates, a firm of utility rate,
9 planning, and economic consultants in Atlanta, Georgia.

8

9

10

11 **Q. Please describe briefly the nature of the consulting services provided by**
12 **Kennedy and Associates.**

11

12

13 A. Kennedy and Associates provides consulting services in the electric and gas utility
14 industries. Our clients include state agencies and industrial electricity consumers.

13

14

1 The firm provides expertise in system planning, load forecasting, financial analysis,
2 cost-of-service, and rate design. Current clients include the Georgia and Louisiana
3 Public Service Commissions, and industrial consumer groups throughout the United
4 States.

5
6 **Q. Please state your educational background and experience.**

7 A. I graduated from the University of Florida in 1972 with a B.A. degree with high
8 honors in Political Science and significant coursework in Mathematics and
9 Computer Science. In 1974, I received a Master of Arts Degree in Economics, also
10 from the University of Florida.

11
12 I have more than thirty years of experience in the electric utility industry in the areas
13 of cost and rate analysis, forecasting, planning, and economic analysis.

14
15 I have presented testimony as an expert witness in Arizona, Arkansas, Colorado,
16 Connecticut, Florida, Georgia, Indiana, Kentucky, Louisiana, Maine, Michigan,
17 Minnesota, Maryland, Missouri, New Jersey, New Mexico, New York, North
18 Carolina, Ohio, Pennsylvania, Texas, Utah, Virginia, West Virginia, Wisconsin,
19 Wyoming, the Federal Energy Regulatory Commission and in United States
20 Bankruptcy Court.

1 A complete copy of my resume and my testimony appearances is contained in Baron
2 Exhibit __ (SJB-1).

3
4 **Q. Have you previously presented testimony before the Kentucky Public Service**
5 **Commission?**

6 A. Yes. I have testified before the Kentucky Public Service Commission
7 (“Commission”) in eighteen cases over the past thirty years, including numerous
8 Kentucky Power cases. I have also testified in numerous American Electric Power
9 (“AEP”) cases in other jurisdictions, including Ohio, West Virginia, Virginia,
10 Indiana, Louisiana, and before the Federal Energy Regulatory Commission.

11
12 **Q. On whose behalf are you testifying in this proceeding?**

13 A. I am testifying on behalf of the Kentucky Industrial Utility Customers, Inc.
14 (“KIUC”). KIUC members take service on a number of Kentucky Power Company
15 (“Kentucky Power” or “Company”) rate schedules, including the Company’s
16 existing real-time pricing tariff (“Tariff RTP”).

17
18 **Q. What is the purpose of your testimony?**

19 A. I am responding to the Company’s proposal to withdraw its existing Tariff RTP and
20 to establish proposed Rider RTP. In addition, I will respond to a portion of the
21 Direct Testimony of Kentucky Power witness Ranie K. Wohnhas regarding the
22 Company’s withdrawal proposal.

1 Q. **Would you please summarize your testimony?**

2 A. Yes. The Commission should reject Kentucky Power's proposal to withdraw
3 existing Tariff RTP. The withdrawal of Tariff RTP would be contrary to the
4 approved Unanimous Settlement Agreement ("Settlement") and the Commission's
5 June 28, 2010 Order in Kentucky Power's last base rate case, Case No. 2009-
6 00459, which both state that "*existing*" Tariff RTP was to be extended through
7 June 29, 2013.

8

9 In addition, Kentucky Power's reasons for withdrawing Tariff RTP are flawed.
10 Kentucky Power's claim that Tariff RTP "has not achieved its objective of
11 encouraging customers to manage their energy costs by shifting their load
12 periods" is invalid. As an initial matter, Kentucky Power's request for withdrawal
13 of Tariff RTP is premature. Customers have only recently begun taking service
14 under Tariff RTP and therefore, the actual impact of Tariff RTP on customer
15 usage has not yet been meaningfully assessed. Further, encouraging customers to
16 shift their load from higher-priced period to lower-priced periods is not the sole
17 objective of Tariff RTP, as reflected by the plain language of the tariff. Another
18 purpose of Tariff RTP is to provide customers the opportunity to experiment in
19 the wholesale electric market.

20

21 Regarding Kentucky Power's projected revenue losses of \$10 million to \$20
22 million, that projection is primarily based upon PJM Interconnection LLC

1 (“PJM”) capacity prices, which were known to Kentucky Power a full year before
2 the Company signed the Settlement in May 2010. Kentucky Power also knew or
3 should have known about the risk of future decreases in energy prices when it
4 signed the Settlement. Therefore, Kentucky Power knowingly assumed the risk
5 of revenue losses as a result of customers taking service under Tariff RTP when
6 Kentucky Power signed the Settlement in 2010. In addition, Kentucky Power’s
7 current representations regarding Tariff RTP are notably inconsistent with its past
8 representations of the tariff.

9
10 Allowing Kentucky Power to withdraw Tariff RTP would deny at least four
11 eligible customers the potential to reduce their electricity costs through June 2013
12 pursuant to Tariff RTP, after those customers engaged in months of review and
13 analysis in reliance on their bargained-for right to do so under the Settlement. If
14 the current termination date of June 30, 2013 in Tariff RTP is maintained, then the
15 enforcement of the Settlement will not increase costs to ratepayers not taking
16 service under Tariff RTP. This is because any revenue loss to Kentucky Power
17 will be limited to a twelve-month period and will therefore be one-time, non-
18 recurring and not recoverable in a general rate case.

1 **II. TARIFF RTP AND PROPOSED RIDER RTP**
2

3 **Q. Please describe Kentucky Power’s existing Tariff RTP.**

4 A. Tariff RTP was established by the Commission’s February 1, 2008 Order in Case
5 No. 2007-00166. In Kentucky Power’s last base rate case, Case No. 2009-00459,
6 the Commission approved a Settlement that extended Tariff RTP through June 30,
7 2013. The rate schedule is designated as an experimental real-time pricing tariff. It
8 is available to any customer taking firm service on Tariffs Q.P. and C.I.P.-TOD with
9 on-peak demands of at least 1,000 kW. The tariff is limited to 10 customers.¹ A
10 customer must place a minimum of 100 kW on the Tariff RTP rate.

11
12 The rate itself (which applies to the RTP portion of a customer’s load) consists of a
13 capacity charge based directly on the applicable PJM Reliability Pricing Model
14 (“RPM”) Base Residual Auction (“BRA”) capacity rate, adjusted for load diversity,
15 losses and the RPM clearing price reserve margin.² The energy charge for the rate is
16 equal to the hourly AEP East Load Zone Locational Marginal Price (“LMP”),
17 adjusted for losses. In addition, a customer will pay a transmission rate based on
18 AEP’s OATT rate, an “Other Market Services Charges” based on “all other market
19 costs allocated to KPCo from PJM, a distribution charge, a program charge of \$150

¹ The definition and interpretation of this 10 customer limitation is the subject of a Complaint and Petition against Kentucky Power Company filed by KIUC with the Commission on July 20, 2012.

² The diversity factor converts the RPM capacity charge (which is a 5 CP based rate) to a billing kW demand charge.

1 per month and all KPCo retail non-generation riders. Finally, customers must
2 commit to service for a minimum of 12 months, corresponding to the PJM planning
3 year (June 1st through May 31st).

4
5 Essentially, as can be seen, Tariff RTP is a market-based rate equivalent to the
6 charges that would be applicable to customers taking service under a retail market
7 access tariff in PJM.

8
9 **Q. Please explain your understanding of Kentucky Power's proposal in this**
10 **proceeding?**

11 A. On June 1, 2012, Kentucky Power filed an Application asking for the Commission's
12 permission to withdraw existing Tariff RTP. Kentucky Power claims that Tariff
13 RTP has not achieved its intended objective of encouraging customers to manage
14 their energy costs by shifting load periods. Kentucky Power also alleges that it
15 could incur revenue losses of \$10 million to \$20 million from July 1, 2012 to June
16 30, 2012 if customers who expressed interest in shifting their load to Tariff RTP
17 were to do so. On June 11, 2012, Kentucky Power filed a proposed Rider RTP that
18 the Company claims will meet its obligation under the Settlement to provide a real-
19 time pricing tariff through June 29, 2013.

1 **Q. Why do you believe that Kentucky Power’s Application is contrary to the**
2 **Settlement approved by the Commission in Case No. 2009-00459?**

3 A. Paragraph 9(a) of the Commission-approved Settlement states that “[t]he existing
4 RTP Tariff shall be extended for an additional three-year period....” And on page
5 6 of its June 28, 2010 Order approving the Settlement, the Commission reiterated
6 that “Kentucky Power’s existing Real-Time Pricing tariff shall be continued for
7 three years, with customers able to enroll at any point during a year for a
8 minimum period of 12 months.” (emphasis added). Because the language of both
9 the Settlement and the Order approving the Settlement reflect that the “existing”
10 Tariff RTP should be continued through June 2013, it would be improper for the
11 Commission to allow Tariff RTP to be withdrawn and replaced by the vastly
12 different proposed Rider RTP.

13
14 **Q. One reason Kentucky Power cites for withdrawing existing Tariff RTP is that**
15 **the Company claims that the tariff has not achieved its objective of encouraging**
16 **customers to shift their load from higher-priced to lower-priced periods. Do**
17 **you have a response to Kentucky Power’s argument?**

18 A. Yes. Customers have only recently begun to take service under Tariff RTP, for
19 the first time in the tariff’s history. Kentucky Power’s claim that Tariff RTP has
20 not encouraged customers to shift energy usage from higher-priced to lower-
21 priced periods is therefore premature. The Commission should not withdraw
22 experimental Tariff RTP before Kentucky Power can collect actual data regarding

1 the impact of taking service under Tariff RTP on energy usage. Instead, the
2 Commission should continue Tariff RTP through at least June 2013 so that actual
3 data regarding how customers respond to real-time pricing can be collected.
4 Withdrawing Tariff RTP before customer data can be collected over a meaningful
5 period of time undermines the purpose of instituting an experimental real-time
6 pricing rate that reflects a different approach than that used by other Kentucky
7 utilities.

8
9 **Q. Is Kentucky Power’s argument regarding load-shifting consistent with the**
10 **language of Tariff RTP?**

11 A. No. The “Program Description” portion of Tariff RTP states that it will “offer
12 customers the opportunity to manage their electric costs by shifting load from
13 higher cost to lower cost pricing periods or by adding new load during lower price
14 periods.” But the mere fact that Tariff RTP could provide an *opportunity* for
15 customers to engage in load-shifting does not mean that the sole objective of
16 Tariff RTP is to encourage customers to engage in load-shifting. In fact, the
17 “Program Description” portion of Tariff RTP also states that the pilot program
18 will “offer the customer the ability to experiment in the wholesale electricity
19 market by designating a portion of the customer's load subject to standard tariff
20 rates with the remainder of the load subject to real-time prices.” This objective is
21 distinct from merely encouraging customers to engage in load-shifting.

22

1 Another objective that can be achieved by establishing an experimental rate like
2 Tariff RTP is to collect data on how taking service under the tariff impacts
3 customer usage. The Commission alluded to this objective in its February 1, 2008
4 Order in Case No. 2007-00166, approving Tariff RTP. On pages 11-12 of the
5 Order, the Commission found “Kentucky Power’s decision not to use a [Customer
6 Base Line or “CBL”] mechanism in its program acceptable” and added that
7 “Kentucky Power’s model will provide additional information that may not be
8 available if Kentucky Power was required to utilize a CBL.” There, the
9 Commission recognized the informative value of establishing a non-CBL
10 approach.

11
12 If encouraging customer load-shifting was the sole objective of establishing
13 experimental Tariff RTP, then the tariff would have been written to expressly
14 outline that goal or to require customers to engage in load-shifting as a condition
15 of eligibility to take service under Tariff RTP. But Tariff RTP was not written in
16 such a manner and did not include a CBL methodology.

17
18 **Q. Should there be a requirement that customers must engage in load-shifting**
19 **under Tariff RTP?**

20 A. No. The purpose of a real-time pricing tariff is to provide market-based price signals
21 to customers, who can then perform internal economic evaluations for the purpose of
22 optimizing their use of electricity, given their production processes, market demand

1 and prices for their products, with consideration of the overall economic impact of
2 all of their production costs, including electricity. By instituting Tariff RTP, the
3 Commission is providing customers the opportunity to bear the true market costs of
4 their production decisions. Customers then have the choice to make economic
5 decisions based on these market-based electric prices.

6
7 **Q. Are there any other conclusions that can be drawn from the Company's**
8 **assertion that customers who take service under Tariff RTP will not shift their**
9 **load?**

10 A. Yes. In response to KIUC's First Set of Data Requests, Item No. 10, Kentucky
11 Power states that it has not reflected any additional off-system sales made
12 possible by Tariff RTP customers in Kentucky Power's financial loss analysis
13 because the Company has assumed that *no customer* will shift any load under the
14 rate.

15
16 Under Tariff RTP, a customer's decision to shift a portion of their load from on-
17 peak to off-peak periods is based on an economic comparison of the on-peak
18 LMP to the off-peak LMP. Under proposed Rider RTP, a customer will face an
19 identical decision when determining whether to shift a portion of its load to off-
20 peak periods. A customer taking service under proposed Rider RTP would also
21 determine the cost savings of reducing its on-peak energy usage by comparing the
22 on-peak LMP to the off-peak LMP price. Thus, the customer's economic

1 decision at the margin and the relative prices are identical under both Tariff RTP
2 and proposed Rider RTP.

3
4 If Kentucky Power is correct that none of the participating customers will shift
5 load under Tariff RTP, then it is also true that none of the customers will shift
6 load under proposed Rider RTP. Since a customer would experience \$0 savings
7 under Rider RTP if the customer does not shift load, Rider RTP would have no
8 effect on any customer load or any customer bill. As such, Rider RTP results in a
9 disingenuous proposal by Kentucky Power, and one that will likely result in no
10 customer participation.

11
12 **Q. The other reason Kentucky Power cites for withdrawing Tariff RTP is that the**
13 **Company estimates it will experience a revenue loss of approximately \$10**
14 **million to \$20 million during the period July 1, 2012 to June 30, 2013 if**
15 **interested customers are permitted to take service under Tariff RTP. Do you**
16 **have a response to Kentucky Power's argument?**

17 A. Yes. The Company's analysis is based on the assumption that 200 MW of current
18 retail industrial load will convert to Tariff RTP, utilize market-based power, and will
19 not shift any load from the on-peak to the off-peak period. The Company's
20 projected revenue loss is calculated by comparing: 1) the revenues that Kentucky
21 Power would receive under current standard retail tariffs; and 2) the demand and
22 energy charges currently expected in the PJM market.

1 The Company's estimated revenue loss is based in large part on the difference
2 between its retail demand charge for capacity and the PJM RPM Auction price for
3 capacity for the June 2012 through May 2013 planning year, as adjusted for losses,
4 load diversity and a reserve margin factor. Under the "100% load shift case," in
5 which the Company assumed that each of the three large industrial customers
6 would place 100% of their load on Tariff RTP, Kentucky Power calculated a total
7 revenue loss for the July 2012 through June 2013 period of \$18.1 million.

8
9 For the three customers combined, the demand charge revenue loss comprises
10 approximately \$24.2 million of this loss (more than 100%), with an offsetting energy
11 charge revenue gain of \$6.1 million, for a net loss of \$18.1 million.³ There is an
12 energy charge gain because the forecasted market based energy rate (LMP), which is
13 based on PJM-wide marginal costs, is higher than Kentucky's Power's retail energy
14 charge which is based on its average costs. For the 2012/2013 PJM Planning Year,
15 the RPM rate is \$16.46/MW-day. Kentucky Power calculates that the RPM
16 capacity price is \$0.501/kW-month (\$16.46/MW-day) or just 3.7% of its average
17 embedded capacity costs for eligible Tariff RTP customers of \$13.615/kW-
18 month.

³ The energy charge "gain" includes the net impact of LMP energy charges and the loss of environmental rider revenues. In addition, there is a small difference in the customer charge revenues between the standard tariff rates and the Tariff RTP.

1 **Q. Was the Company aware that the RPM capacity rate, which is a market-**
2 **determined rate driven by the PJM Base Residual Auction, was going to drop**
3 **to \$16.46/MW-day when it signed the Settlement in May 2010?**

4 A. Yes. The RPM capacity rates are determined three-years in advance. Consequently,
5 the RPM capacity rate for the 2012/2013 PJM planning year was established in the
6 PJM Base Residual Auction held in May of 2009, over 3 years ago. By the time the
7 Company signed the Settlement in May 2010, Kentucky Power was well aware that
8 the RPM capacity rate would drop to \$16.46/MW-day beginning June 1, 2012.

9
10 Kentucky Power knew of the risks that it took with regard to its Tariff RTP
11 construct, which directly relies on the market-based RPM capacity rate. Yet
12 Kentucky Power has waited over 25 months to request relief from a single provision
13 of the Settlement, now that customers who bargained for the right to take service
14 under Tariff RTP have actually expressed an interest in doing so. Because the
15 current PJM capacity price was known for more than a year before parties settled
16 the Kentucky Power rate case, there is no new or unexpected event which can
17 serve as the basis for changing the agreement the parties relied upon and which
18 the Commission approved.

19
20 **Q. The Company knew of the significant drop in the 2012 to 2013 RPM capacity**
21 **rate when it signed the Settlement extending Tariff RTP until June 2013.**
22 **Given that large industrial customers expressed interest in taking service**

1 **under Tariff RTP as early as 2008 and 2009,⁴ what can explain the**
2 **Company's agreement to extend existing Tariff RTP?**

3 A. There are two possible explanations. First, the Company believed that any losses
4 that it might incur through the extension of Tariff RTP were reasonable, in light
5 of its expected overall benefits from the Settlement. Alternatively, the Company
6 believed that the large revenue loss in capacity charges would be more than made
7 up in the revenue gains in LMP-based energy charges. Effectively, Kentucky
8 Power was "rolling the dice" on the level of the LMP energy market in order to
9 offset its known losses in capacity charges. Now, two years later, the Company
10 requests withdrawal of Tariff RTP because the LMP prices are not sufficient (in
11 its estimate) to offset the lost demand charge revenues that it knew, or should
12 have known when it agreed to the extension.

13
14 Kentucky Power's retail demand charges are based on its average embedded cost
15 of capacity, principally, base load coal generation. The current RPM capacity rate
16 of \$16.46/MW-day is based on a marginal cost auction. Comparing average cost
17 to marginal cost for capacity results in an apples to oranges comparison. To get
18 the full economic picture, energy costs need to be included. The quid pro quo for

⁴ As demonstrated in the attached emails [see Baron Exhibit __ (SJB-2), pages 1 through 13 (particularly see page 13)], AK Steel, Air Liquide, Marathon and Air Products had been in discussions with the Company about participation in the Tariff RTP program in 2008 and 2009, well before the Settlement. In addition, the fact that KIUC bargained for the extension of Tariff RTP is evidence of the importance of the Tariff RTP rate to large industrial customers.

1 paying a retail average embedded cost for capacity is the entitlement to the
2 utility's average energy costs. By contrast, in PJM, energy is priced on marginal
3 costs. Marginal energy prices, especially during on-peak hours, will almost
4 certainly be higher than Kentucky Power's average energy costs, which are
5 predominately based on coal.

6
7 In addition to capacity pricing, the other component which presumably serves as
8 the basis for Kentucky Power's forecasted revenue loss is the expectation that the
9 depressed PJM energy market will continue. But the possibility that PJM
10 marginal energy prices could be lower in the 2012/2013 time frame was a risk
11 Kentucky Power was aware of or should have been aware of when it signed the
12 Settlement. When the Settlement was signed in May 2010, none of the parties
13 could have forecasted with precision what those energy prices would be in
14 2012/2013. The possibility of future fluctuations in energy prices was a risk all
15 parties accepted when signing the Settlement. It is unpersuasive for AEP—a
16 company that regularly trades in the wholesale power market—to now assert that
17 it did not realize that over a three-year period energy prices could fall.

18
19 At page 10 of his testimony, Mr. Wohnhas forecasts that Kentucky Power's return
20 on equity ("ROE") would drop from 8.9% to 6.6% if existing Tariff RTP remains
21 in effect. Even if this forecast is accurate, a 6.6% ROE for one year is not serious
22 enough to condone revising a previously approved Settlement.

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Q. Are the LMP energy prices assumed in the Company’s revenue loss analysis known at this time?

A. No. Kentucky Power’s asserted \$10 to \$20 million revenue loss is based on projected LMP market energy prices for the period July 1, 2012 through June 30, 2013. While the RPM capacity rates are known, LMP prices are set every few minutes in PJM. Effectively, while the Company did roll the dice with regard to the revenues that it might ultimately receive under Tariff RTP, the dice will continue to roll until June 2013. It is only then that the true financial impact of Tariff RTP will be known.

Q. In paragraph 9 of its request for withdrawal of Tariff RTP, the Company states that the drop in the RPM capacity rate has made it “economically advantageous” for customers to take service under Tariff RTP. Isn’t economic benefit the principal reason why an industrial customer would elect to take service on an optional rate?

A. Yes. The Company’s argument simply does not make sense. Under the terms of Tariff RTP, customers can freely elect to move load from the Company’s regular tariffs to Tariff RTP. The only reason that a customer would elect the Tariff RTP option is because the customer believes that there will be economic advantages to do so. Since Tariff RTP is optional, it is only rationale to take service under this tariff when the customer projects savings, on a risk-adjusted basis. And even though five

1 KIUC members have elected to take service on Tariff RTP, there is no guarantee
2 that they will save money (or that Kentucky Power will lose money) because of
3 fluctuations in energy pricing.
4

5 **Q. Is there a risk to customers opting to take service under Tariff RTP?**

6 A. Yes. PJM marginal energy costs, especially during on-peak hours, routinely are
7 many times greater than Kentucky Power's average coal-based energy charges.
8 And PJM LMP marginal energy prices change hourly. One of the biggest risks
9 that a customer deciding to take service under Tariff RTP customer accepts is the
10 risk that PJM market energy prices will increase over the twelve-month period for
11 which they have agreed to take service. If the PJM market energy prices increase,
12 the savings to customers available under Tariff RTP will be diminished, or
13 potentially reversed into losses.
14

15 While there is always a risk that market energy prices could spike upward at any
16 time, the current PJM market conditions make a shift to Tariff RTP economically
17 feasible for customers. But customers taking service under Tariff RTP are locked
18 into the tariff for a 12-month minimum period and therefore, will continue to face
19 market risk under Tariff RTP. The drop in the RPM capacity rate reduces such risk,
20 but does not eliminate the risk.
21

1 **Q. Are Kentucky Power’s current representations regarding Tariff RTP**
2 **consistent with their past representations?**

3 A. No. Kentucky Power’s insistence that customers taking service under
4 Tariff RTP must engage in load-shifting is inconsistent with these past positions.
5 The Commission’s Order in Case No. 2007-00166, approving Tariff RTP,
6 recounts how Kentucky Power defended the implementation of Tariff RTP,
7 particularly in response to the Attorney General’s (“AG”) concern that Kentucky
8 Power did not choose to use a Customer Baseline Load (“CBL”) approach in its
9 real-time pricing mechanism.⁵ Specifically, the Order states:

10 Kentucky Power responds to the AG’s concern regarding its
11 decision not to use a CBL approach by acknowledging that the
12 Commission did not direct the companies to implement a particular
13 type of program. Kentucky Power argues that by allowing
14 flexibility in designing programs, the Commission freed the
15 companies to use their company-specific experience to develop
16 programs that provide their customers with appropriate price
17 signals while avoiding the allocation of additional costs to other
18 customers. In addition, Kentucky Power argues the deployment of
19 both CBL programs and Kentucky Power’s model will provide the
20 Commission with additional information it would otherwise lack.

21
22 The Commission approved Kentucky Power’s approach under Tariff RTP, noting
23 that “Kentucky Power’s model will provide information that may not be available
24 if Kentucky Power was required to utilize a CBL.”⁶ But now, when customers
25 have actually expressed interest in taking service under Tariff RTP and the
26 additional information both Kentucky Power and the Commission noted were

⁵ Order, Case No. 2007-00166 (Feb. 1, 2008) at 10-12.

1 valuable can be compiled, Kentucky Power quickly seeks to withdraw its program
2 and implement a CBL approach under proposed Rider RTP.⁷ This undermines
3 the value of implementing diverse experimental real-time pricing pilot programs.

4
5 Kentucky Power's Responses to the Attorney General in Case No. 2007-00166,
6 [see Baron Exhibit__ (SJB-3)], also reflect a much different description of the
7 operation and value of Tariff RTP than Kentucky Power now presents. For
8 example, Kentucky Power reflected that the real-time pricing program under
9 Tariff RTP: 1) subjects the customer to pricing as if it were purchasing its
10 requirements directly from the market; 2) cannot result in under recovery by
11 Kentucky Power because the designated tariff portion of the bill is cost-based and
12 the designated market portion will be a direct flow through of PJM prices; 3) is
13 not designed to be bill neutral to customers who elect RTP pricing and whose
14 consumption pattern (load profile) do not change because market pricing can be
15 higher or lower than tariff pricing; and 4) would only be chosen by the customer
16 if it projected cost savings to itself, which would naturally mean less revenue for
17 the Company.

⁶ Order, Case No. 2007-00166 (Feb. 1, 2008) at 12.

⁷ Kentucky Power Application, Case No. 2012-00245.

1 Kentucky Power also expressed concern that a CBL approach to real-time pricing
2 would be subject to manipulation [see Baron Exhibit__(SJB-3)]. These data
3 responses demonstrate that Kentucky Power's current claimed intent of Tariff
4 RTP is radically different than Kentucky power's claimed intent when the
5 program was being approved.

6
7 **Q. What would the impact of allowing Kentucky Power to withdraw Tariff RTP**
8 **be on customers eligible to take service under the tariff?**

9 A. Allowing Kentucky Power to withdraw Tariff RTP prior to June 30, 2013 would
10 deprive eligible customers of benefits they negotiated for in reaching the Settlement.
11 Those benefits were specifically bargained for in exchange for detriments the
12 parties incurred as a result of the settlement. It would be inequitable for Kentucky
13 Power to eschew its obligations under the Settlement when customers have
14 upheld their obligations. Such a decision would also constitute bad policy, in my
15 opinion. If settlement agreements are allowed to be changed or settlement
16 obligations are easily excused after the fact, then parties are less likely to resolve
17 matters by negotiations since commitments made as a result of those negotiations
18 may not actually be upheld or enforced.

19
20 At least five KIUC members that are industrial customers of the Company have
21 already engaged in significant review and analysis regarding whether to take service

1 under Tariff RTP, as is evident from the multitude of correspondence dating back
2 to February of this year [see Baron Exhibit__ (SJB-2) at pages 15 through 63].
3 Those customers undertook such efforts in reliance on the plain language of the
4 Settlement and with the expectation that signatory parties would uphold their
5 obligations under the Settlement.

6
7 For example, Marathon has been in contact with the Company regarding Tariff
8 RTP since 2009. A financial analysis comparing tariff pricing to RTP market
9 prices at PJM energy and capacity rates was prepared for Marathon, and a number
10 of other customers by Kentucky Power in the first half of 2009, more than three
11 years ago.⁸ As recently as May 16, 2012, Marathon was assured by Kentucky
12 Power that no changes in the Tariff RTP rate structure were anticipated and that
13 delaying execution of the Addendum would not be an issue. Kentucky Power told
14 Marathon: “[A]s noted, Kentucky Power expects to be filing the new RTP rate in
15 a couple of weeks. *We do not anticipate any changes in the methodology of*
16 *determining the rate structure.*” [Baron Exhibit__ (SJB-2), page 21]. Therefore,
17 Kentucky Power created an expectation in customers that the Company’s
18 Settlement obligations would be upheld.

19

⁸ See Baron Exhibit__ (SJB-2) at page 13.

1 **Q. Would other Kentucky Power customers be harmed if the Commission**
2 **allows existing Tariff RTP to continue through June 2013?**

3 A. No. Whatever revenue loss the Company may suffer during the final year of
4 Tariff RTP will be one-time and non-recurring, assuming that Tariff RTP is
5 allowed to expire by the terms of the Settlement. Therefore, that loss will not be
6 recoverable in a base rate case or otherwise.

7

8 **Q. Do you believe that Tariff RTP should be allowed to expire on June 30, 2013?**

9 A. No. I believe that Tariff RTP should continue beyond June 30, 2012. After the
10 Commission has had the opportunity to review actual financial and operating
11 results associated with Tariff RTP modifications to its structure may be
12 appropriate. But at this point it would be premature to rule that Tariff RTP should
13 expire on June 30, 2013.

14

15 **Q. Does that complete your testimony?**

16 A. Yes.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

**APPLICATION OF KENTUCKY POWER COMPANY)
FOR APPROVAL OF AN EXPERIMENTAL)
REAL-TIME PRICING RIDER)**

CASE NO. 2012-00226

**EXHIBITS
OF
STEPHEN J. BARON**

**ON BEHALF OF THE
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.**

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

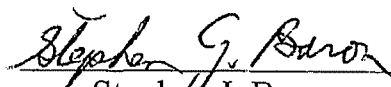
August 2012

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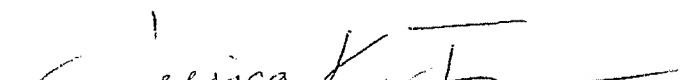
STATE OF GEORGIA)

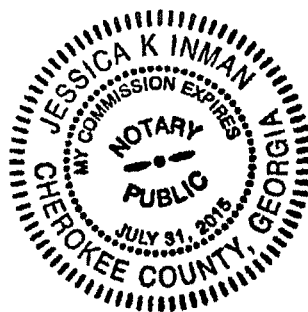
COUNTY OF FULTON)

STEPHEN J. BARON, being duly sworn, deposes and states: that the attached is his sworn testimony and that the statements contained are true and correct to the best of his knowledge, information and belief.


Stephen J. Baron

Sworn to and subscribed before me on this
21st day of August 2012.


Notary Public



COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

**APPLICATION OF KENTUCKY POWER COMPANY)
FOR APPROVAL OF AN EXPERIMENTAL)
REAL-TIME PRICING RIDER)**

CASE NO. 2012-00226

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

August 2012

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

**APPLICATION OF KENTUCKY POWER COMPANY)
FOR APPROVAL OF AN EXPERIMENTAL)
REAL-TIME PRICING RIDER)**

CASE NO. 2012-00226

**EXHIBIT __ (SJB-1)
OF
STEPHEN J. BARON**

**ON BEHALF OF THE
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.**

**Expert Testimony Appearances
of
Stephen J. Baron
As of July 2012**

Date	Case	Jurisdct.	Party	Utility	Subject
4/81	203(B)	KY	Louisville Gas & Electric Co.	Louisville Gas & Electric Co.	Cost-of-service.
4/81	ER-81-42	MO	Kansas City Power & Light Co.	Kansas City Power & Light Co.	Forecasting.
6/81	U-1933	AZ	Arizona Corporation Commission	Tucson Electric Co.	Forecasting planning.
2/84	8924	KY	Airco Carbide	Louisville Gas & Electric Co.	Revenue requirements, cost-of-service, forecasting, weather normalization.
3/84	84-038-U	AR	Arkansas Electric Energy Consumers	Arkansas Power & Light Co.	Excess capacity, cost-of-service, rate design.
5/84	830470-EI	FL	Florida Industrial Power Users' Group	Florida Power Corp.	Allocation of fixed costs, load and capacity balance, and reserve margin. Diversification of utility.
10/84	84-199-U	AR	Arkansas Electric Energy Consumers	Arkansas Power and Light Co.	Cost allocation and rate design.
11/84	R-842651	PA	Lehigh Valley Power Committee	Pennsylvania Power & Light Co.	Interruptible rates, excess capacity, and phase-in.
1/85	85-65	ME	Airco Industrial Gases	Central Maine Power Co.	Interruptible rate design.
2/85	I-840381	PA	Philadelphia Area Industrial Energy Users' Group	Philadelphia Electric Co.	Load and energy forecast
3/85	9243	KY	Alcan Aluminum Corp., et al.	Louisville Gas & Electric Co.	Economics of completing fossil generating unit
3/85	3498-U	GA	Attorney General	Georgia Power Co.	Load and energy forecasting, generation planning economics
3/85	R-842632	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Generation planning economics, prudence of a pumped storage hydro unit
5/85	84-249	AR	Arkansas Electric Energy Consumers	Arkansas Power & Light Co.	Cost-of-service, rate design return multipliers.
5/85		City of	Chamber of	Santa Clara	Cost-of-service, rate design.

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of July 2012**

Date	Case	Jurisdict.	Party	Utility	Subject
		Santa Clara	Commerce	Municipal	
6/85	84-768-E-42T	WV	West Virginia Industrial Intervenors	Monongahela Power Co.	Generation planning economics, prudence of a pumped storage hydro unit
6/85	E-7 Sub 391	NC	Carolina Industrials (CIGFUR III)	Duke Power Co.	Cost-of-service, rate design, interruptible rate design.
7/85	29046	NY	Industrial Energy Users Association	Orange and Rockland Utilities	Cost-of-service, rate design.
10/85	85-043-U	AR	Arkansas Gas Consumers	Arkla, Inc.	Regulatory policy, gas cost-of-service, rate design.
10/85	85-63	ME	Airco Industrial Gases	Central Maine Power Co.	Feasibility of interruptible rates, avoided cost.
2/85	ER-8507698	NJ	Air Products and Chemicals	Jersey Central Power & Light Co.	Rate design.
3/85	R-850220	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Optimal reserve, prudence, off-system sales guarantee plan.
2/86	R-850220	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Optimal reserve margins, prudence, off-system sales guarantee plan.
3/86	85-299U	AR	Arkansas Electric Energy Consumers	Arkansas Power & Light Co.	Cost-of-service, rate design, revenue distribution.
3/86	85-726-EL-AIR	OH	Industrial Electric Consumers Group	Ohio Power Co	Cost-of-service, rate design, interruptible rates.
5/86	86-081-E-GI	WV	West Virginia Energy Users Group	Monongahela Power Co.	Generation planning economics, prudence of a pumped storage hydro unit
8/86	E-7 Sub 408	NC	Carolina Industrial Energy Consumers	Duke Power Co	Cost-of-service, rate design, interruptible rates.
10/86	U-17378	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Excess capacity, economic analysis of purchased power.
12/86	38063	IN	Industrial Energy	Indiana & Michigan	Interruptible rates.

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of July 2012**

Date	Case	Jurisdict.	Party	Utility	Subject
			Consumers	Power Co.	
3/87	EL-86-53-001 EL-86-57-001	Federal Energy Regulatory Commission (FERC)	Louisiana Public Service Commission Staff	Gulf States Utilities, Southern Co	Cost/benefit analysis of unit power sales contract.
4/87	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Load forecasting and imprudence damages, River Bend Nuclear unit.
5/87	87-023-E-C	WV	Airco Industrial Gases	Monongahela Power Co.	Interruptible rates.
5/87	87-072-E-G1	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Analyze Mon Power's fuel filing and examine the reasonableness of MP's claims.
5/87	86-524-E-SC	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Economic dispatching of pumped storage hydro unit.
5/87	9781	KY	Kentucky Industrial Energy Consumers	Louisville Gas & Electric Co.	Analysis of impact of 1986 Tax Reform Act.
6/87	3673-U	GA	Georgia Public Service Commission	Georgia Power Co.	Economic prudence, evaluation of Vogtle nuclear unit - load forecasting, planning.
6/87	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Phase-in plan for River Bend Nuclear unit.
7/87	85-10-22	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Methodology for refunding rate moderation fund.
8/87	3673-U	GA	Georgia Public Service Commission	Georgia Power Co.	Test year sales and revenue forecast.
9/87	R-850220	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Excess capacity, reliability of generating system.
10/87	R-870651	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Interruptible rate, cost-of-service, revenue allocation, rate design.

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of July 2012**

Date	Case	Jurisdct.	Party	Utility	Subject
10/87	I-860025	PA	Pennsylvania Industrial Intervenors		Proposed rules for cogeneration, avoided cost, rate recovery
10/87	E-015/ GR-87-223	MN	Taconite Intervenors	Minnesota Power & Light Co.	Excess capacity, power and cost-of-service, rate design.
10/87	8702-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue forecasting, weather normalization.
12/87	87-07-01	CT	Connecticut Industrial Energy Consumers	Connecticut Light Power Co	Excess capacity, nuclear plant phase-in.
3/88	10064	KY	Kentucky Industrial Energy Consumers	Louisville Gas & Electric Co.	Revenue forecast, weather normalization rate treatment of cancelled plant.
3/88	87-183-TF	AR	Arkansas Electric Consumers	Arkansas Power & Light Co.	Standby/backup electric rates.
5/88	870171C001	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Cogeneration deferral mechanism, modification of energy cost recovery (ECR).
6/88	870172C005	PA	GPU Industrial Intervenors	Pennsylvania Electric Co	Cogeneration deferral mechanism, modification of energy cost recovery (ECR)
7/88	88-171-EL-AIR 88-170-EL-AIR Interim Rate Case	OH	Industrial Energy Consumers	Cleveland Electric/ Toledo Edison	Financial analysis/need for interim rate relief.
7/88	Appeal of PSC	19th Judicial Docket U-17282	Louisiana Public Service Commission Circuit Court of Louisiana	Gulf States Utilities	Load forecasting, imprudence damages.
11/88	R-880989	PA	United States Steel	Carnegie Gas	Gas cost-of-service, rate design.
11/88	88-171-EL-AIR 88-170-EL-AIR	OH	Industrial Energy Consumers	Cleveland Electric/ Toledo Edison. General Rate Case.	Weather normalization of peak loads, excess capacity, regulatory policy
3/89	870216/283 284/286	PA	Armco Advanced Materials Corp.,	West Penn Power Co.	Calculated avoided capacity, recovery of capacity payments.

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of July 2012**

Date	Case	Jurisdct.	Party	Utility	Subject
			Allegheny Ludlum Corp.		
8/89	8555	TX	Occidental Chemical Corp.	Houston Lighting & Power Co	Cost-of-service, rate design.
8/89	3840-U	GA	Georgia Public Service Commission	Georgia Power Co	Revenue forecasting, weather normalization.
9/89	2087	NM	Attorney General of New Mexico	Public Service Co. of New Mexico	Prudence - Palo Verde Nuclear Units 1, 2 and 3, load forecasting.
10/89	2262	NM	New Mexico Industrial Energy Consumers	Public Service Co. of New Mexico	Fuel adjustment clause, off-system sales, cost-of-service, rate design, marginal cost
11/89	38728	IN	Industrial Consumers for Fair Utility Rates	Indiana Michigan Power Co.	Excess capacity, capacity equalization, jurisdictional cost allocation, rate design, interruptible rates.
1/90	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Jurisdictional cost allocation, O&M expense analysis.
5/90	890366	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Non-utility generator cost recovery.
6/90	R-901609	PA	Armco Advanced Materials Corp., Allegheny Ludlum Corp.	West Penn Power Co	Allocation of QF demand charges in the fuel cost, cost-of-service, rate design.
9/90	8278	MD	Maryland Industrial Group	Baltimore Gas & Electric Co.	Cost-of-service, rate design, revenue allocation.
12/90	U-9346 Rebuttal	MI	Association of Businesses Advocating Tariff Equity	Consumers Power Co.	Demand-side management, environmental externalities.
12/90	U-17282 Phase IV	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, jurisdictional allocation.
12/90	90-205	ME	Airco Industrial Gases	Central Maine Power Co.	Investigation into interruptible service and rates.

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of July 2012**

Date	Case	Jurisdct.	Party	Utility	Subject
1/91	90-12-03 Interim	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Interim rate relief, financial analysis, class revenue allocation
5/91	90-12-03 Phase II	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Revenue requirements, cost-of- service, rate design, demand-side management
8/91	E-7, SUB SUB 487	NC	North Carolina Industrial Energy Consumers	Duke Power Co.	Revenue requirements, cost allocation, rate design, demand- side management
8/91	8341 Phase I	MD	Westvaco Corp.	Potomac Edison Co.	Cost allocation, rate design, 1990 Clean Air Act Amendments.
8/91	91-372 EL-UNC	OH	Armco Steel Co , L.P.	Cincinnati Gas & Electric Co	Economic analysis of cogeneration, avoid cost rate.
9/91	P-910511 P-910512	PA	Allegheny Ludlum Corp., Armco Advanced Materials Co., The West Penn Power Industrial Users' Group	West Penn Power Co.	Economic analysis of proposed CWIP Rider for 1990 Clean Air Act Amendments expenditures.
9/91	91-231 -E-NC	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Economic analysis of proposed CWIP Rider for 1990 Clean Air Act Amendments expenditures.
10/91	8341 - Phase II	MD	Westvaco Corp.	Potomac Edison Co.	Economic analysis of proposed CWIP Rider for 1990 Clean Air Act Amendments expenditures.
10/91	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Results of comprehensive management audit.
Note: No testimony was prefiled on this.					
11/91	U-17949 Subdocket A	LA	Louisiana Public Service Commission Staff	South Central Bell Telephone Co. and proposed merger with Southern Bell Telephone Co.	Analysis of South Central Bell's restructuring and
12/91	91-410- EL-AIR	OH	Armco Steel Co., Air Products & Chemicals, Inc.	Cincinnati Gas & Electric Co.	Rate design, interruptible rates.

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of July 2012**

Date	Case	Jurisdct.	Party	Utility	Subject
12/91	P-880286	PA	Armco Advanced Materials Corp., Allegheny Ludlum Corp.	West Penn Power Co.	Evaluation of appropriate avoided capacity costs - QF projects.
1/92	C-913424	PA	Duquesne Interruptible Complainants	Duquesne Light Co.	Industrial interruptible rate.
6/92	92-02-19	CT	Connecticut Industrial Energy Consumers	Yankee Gas Co.	Rate design.
8/92	2437	NM	New Mexico Industrial Intervenors	Public Service Co of New Mexico	Cost-of-service.
8/92	R-00922314	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Cost-of-service, rate design, energy cost rate.
9/92	39314	ID	Industrial Consumers for Fair Utility Rates	Indiana Michigan Power Co.	Cost-of-service, rate design, energy cost rate, rate treatment.
10/92	M-00920312 C-007	PA	The GPU Industrial Intervenors	Pennsylvania Electric Co.	Cost-of-service, rate design, energy cost rate, rate treatment.
12/92	U-17949	LA	Louisiana Public Service Commission Staff	South Central Bell Co.	Management audit.
12/92	R-00922378	PA	Armco Advanced Materials Co. The WPP Industrial Intervenors	West Penn Power Co.	Cost-of-service, rate design, energy cost rate, SO ₂ allowance rate treatment.
1/93	8487	MD	The Maryland Industrial Group	Baltimore Gas & Electric Co.	Electric cost-of-service and rate design, gas rate design (flexible rates).
2/93	E002/GR-92-1185	MN	North Star Steel Co. Praxair, Inc	Northern States Power Co.	Interruptible rates.
4/93	EC92 21000 ER92-806-000 (Rebuttal)	Federal Energy Regulatory Commission	Louisiana Public Service Commission Staff	Gulf States Utilities/Entergy agreement	Merger of GSU into Entergy System; impact on system
7/93	93-0114-E-C	WV	Airco Gases	Monongahela Power Co.	Interruptible rates.

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of July 2012**

Date	Case	Jurisdiction	Party	Utility	Subject
8/93	930759-EG	FL	Florida Industrial Power Users' Group	Generic - Electric Utilities	Cost recovery and allocation of DSM costs.
9/93	M-009 30406	PA	Lehigh Valley Power Committee	Pennsylvania Power & Light Co.	Ratemaking treatment of off-system sales revenues.
11/93	346	KY	Kentucky Industrial Utility Customers	Generic - Gas Utilities	Allocation of gas pipeline transition costs - FERC Order 636.
12/93	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	Nuclear plant prudence, forecasting, excess capacity.
4/94	E-015/ GR-94-001	MN	Large Power Intervenors	Minnesota Power Co.	Cost allocation, rate design, rate phase-in plan.
5/94	U-20178	LA	Louisiana Public Service Commission	Louisiana Power & Light Co.	Analysis of least cost integrated resource plan and demand-side management program.
7/94	R-00942986	PA	Armco, Inc.; West Penn Power Industrial Intervenors	West Penn Power Co.	Cost-of-service, allocation of rate increase, rate design, emission allowance sales, and operations and maintenance expense.
7/94	94-0035- E-42T	WV	West Virginia Energy Users Group	Monongahela Power Co.	Cost-of-service, allocation of rate increase, and rate design.
8/94	EC94 13-000	Federal Energy Regulatory Commission	Louisiana Public Service Commission	Gulf States Utilities/Entergy	Analysis of extended reserve shutdown units and violation of system agreement by Entergy.
9/94	R-00943 081 R-00943 081C0001	PA	Lehigh Valley Power Committee	Pennsylvania Public Utility Commission	Analysis of interruptible rate terms and conditions, availability.
9/94	U-17735	LA	Louisiana Public Service Commission	Cajun Electric Power Cooperative	Evaluation of appropriate avoided cost rate.
9/94	U-19904	LA	Louisiana Public Service Commission	Gulf States Utilities	Revenue requirements
10/94	5258-U	GA	Georgia Public Service Commission	Southern Bell Telephone & Telegraph Co.	Proposals to address competition in telecommunication markets.

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of July 2012**

Date	Case	Jurisdiction	Party	Utility	Subject
11/94	EC94-7-000 ER94-898-000	FERC	Louisiana Public Service Commission	El Paso Electric and Central and Southwest	Merger economics, transmission equalization hold harmless proposals.
2/95	941-430EG	CO	CF&I Steel, L.P.	Public Service Company of Colorado	Interruptible rates, cost-of-service.
4/95	R-00943271	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Cost-of-service, allocation of rate increase, rate design, interruptible rates.
6/95	C-00913424 C-00946104	PA	Duquesne Interruptible Complainants	Duquesne Light Co.	Interruptible rates.
8/95	ER95-112 -000	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Open Access Transmission Tariffs - Wholesale.
10/95	U-21485	LA	Louisiana Public Service Commission	Gulf States Utilities Company	Nuclear decommissioning, revenue requirements, capital structure.
10/95	ER95-1042 -000	FERC	Louisiana Public Service Commission	System Energy Resources, Inc.	Nuclear decommissioning, revenue requirements.
10/95	U-21485	LA	Louisiana Public Service Commission	Gulf States Utilities Co.	Nuclear decommissioning and cost of debt capital, capital structure.
11/95	I-940032	PA	Industrial Energy Consumers of Pennsylvania	State-wide - all utilities	Retail competition issues.
7/96	U-21496	LA	Louisiana Public Service Commission	Central Louisiana Electric Co.	Revenue requirement analysis.
7/96	8725	MD	Maryland Industrial Group	Baltimore Gas & Elec. Co., Potomac Elec. Power Co., Constellation Energy Co	Ratemaking issues associated with a Merger.
8/96	U-17735	LA	Louisiana Public Service Commission	Cajun Electric Power Cooperative	Revenue requirements.
9/96	U-22092	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Decommissioning, weather normalization, capital structure.

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of July 2012**

Date	Case	Jurisdct.	Party	Utility	Subject
2/97	R-973877	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co	Competitive restructuring policy issues, stranded cost, transition charges.
6/97	Civil Action No. 94-11474	US Bankruptcy Court Middle District of Louisiana	Louisiana Public Service Commission	Cajun Electric Power Cooperative	Confirmation of reorganization plan; analysis of rate paths produced by competing plans
6/97	R-973953	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co	Retail competition issues, rate unbundling, stranded cost analysis.
6/97	8738	MD	Maryland Industrial Group	Generic	Retail competition issues
7/97	R-973954	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Retail competition issues, rate unbundling, stranded cost analysis.
10/97	97-204	KY	Alcan Aluminum Corp. Southwire Co.	Big River Electric Corp.	Analysis of cost of service issues - Big Rivers Restructuring Plan
10/97	R-974008	PA	Metropolitan Edison Industrial Users	Metropolitan Edison Co.	Retail competition issues, rate unbundling, stranded cost analysis.
10/97	R-974009	PA	Pennsylvania Electric Industrial Customer	Pennsylvania Electric Co.	Retail competition issues, rate unbundling, stranded cost analysis.
11/97	U-22491	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Decommissioning, weather normalization, capital structure.
11/97	P-971265	PA	Philadelphia Area Industrial Energy Users Group	Enron Energy Services Power, Inc./ PECO Energy	Analysis of Retail Restructuring Proposal.
12/97	R-973981	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Retail competition issues, rate unbundling, stranded cost analysis.
12/97	R-974104	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Retail competition issues, rate unbundling, stranded cost analysis.
3/98 (Allocated Stranded Cost Issues)	U-22092	LA	Louisiana Public Service Commission	Gulf States Utilities Co	Retail competition, stranded cost quantification.

**Expert Testimony Appearances
of
Stephen J. Baron
As of July 2012**

Date	Case	Jurisdct.	Party	Utility	Subject
3/98	U-22092		Louisiana Public Service Commission	Gulf States Utilities, Inc.	Stranded cost quantification, restructuring issues.
9/98	U-17735		Louisiana Public Service Commission	Cajun Electric Power Cooperative, Inc.	Revenue requirements analysis, weather normalization.
12/98	8794	MD	Maryland Industrial Group and Millennium Inorganic Chemicals Inc.	Baltimore Gas and Electric Co.	Electric utility restructuring, stranded cost recovery, rate unbundling
12/98	U-23358	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Nuclear decommissioning, weather normalization, Entergy System Agreement.
5/99 (Cross- 40-000 Answering Testimony)	EC-98-	FERC	Louisiana Public Service Commission	American Electric Power Co. & Central South West Corp.	Merger issues related to market power mitigation proposals.
5/99 (Response Testimony)	98-426	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Performance based regulation, settlement proposal issues, cross-subsidies between electric gas services.
6/99	98-0452	WV	West Virginia Energy Users Group	Appalachian Power, Monongahela Power, & Potomac Edison Companies	Electric utility restructuring, stranded cost recovery, rate unbundling.
7/99	99-03-35	CT	Connecticut Industrial Energy Consumers	United Illuminating Company	Electric utility restructuring, stranded cost recovery, rate unbundling.
7/99	Adversary Proceeding No. 98-1065	U.S. Bankruptcy Court	Louisiana Public Service Commission	Cajun Electric Power Cooperative	Motion to dissolve preliminary injunction
7/99	99-03-06	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Electric utility restructuring, stranded cost recovery, rate unbundling.
10/99	U-24182	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Nuclear decommissioning, weather normalization, Entergy System Agreement.
12/99	U-17735	LA	Louisiana Public Service Commission	Cajun Electric Power Cooperative, Inc.	Ananlysi of Proposed Contract Rates, Market Rates.

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of July 2012**

Date	Case	Jurisdct.	Party	Utility	Subject
03/00	U-17735	LA	Louisiana Public Service Commission	Cajun Electric Power Cooperative, Inc.	Evaluation of Cooperative Power Contract Elections
03/00	99-1658-EL-ETP	OH	AK Steel Corporation	Cincinnati Gas & Electric Co.	Electric utility restructuring, stranded cost recovery, rate unbundling.
08/00	98-0452 E-GI	WVA	West Virginia Energy Users Group	Appalachian Power Co. American Electric Co.	Electric utility restructuring rate unbundling.
08/00	00-1050 E-T 00-1051-E-T	WVA	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co	Electric utility restructuring rate unbundling
10/00	SOAH 473-00-1020 PUC 2234	TX	The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges And Universities	TXU, Inc.	Electric utility restructuring rate unbundling.
12/00	U-24993	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Nuclear decommissioning, revenue requirements.
12/00	EL00-66-000 & ER00-2854 EL95-33-002	LA	Louisiana Public Service Commission	Entergy Services Inc.	Inter-Company System Agreement: Modifications for retail competition, interruptible load.
04/01	U-21453, U-20925, U-22092 (Subdocket B) Addressing Contested Issues	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Jurisdictional Business Separation - Texas Restructuring Plan
10/01	14000-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Co.	Test year revenue forecast.
11/01	U-25687	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Nuclear decommissioning requirements transmission revenues.
11/01	U-25965	LA	Louisiana Public Service Commission	Generic	Independent Transmission Company ("Transco"). RTO rate design.
03/02	001148-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Company	Retail cost of service, rate design, resource planning and demand side management.

**Expert Testimony Appearances
of
Stephen J. Baron
As of July 2012**

Date	Case	Jurisdct.	Party	Utility	Subject
06/02	U-25965	LA	Louisiana Public Service Commission	Entergy Gulf States Entergy Louisiana	RTO Issues
07/02	U-21453	LA	Louisiana Public Service Commission	SWEPCO, AEP	Jurisdictional Business Sep. - Texas Restructuring Plan.
08/02	U-25888	LA	Louisiana Public Service Commission	Entergy Louisiana, Inc. Entergy Gulf States, Inc.	Modifications to the Inter-Company System Agreement, Production Cost Equalization.
08/02	EL01-88-000	FERC	Louisiana Public Service Commission	Entergy Services Inc. and the Entergy Operating Companies	Modifications to the Inter-Company System Agreement, Production Cost Equalization.
11/02	02S-315EG	CO	CF&I Steel & Climax Molybdenum Co.	Public Service Co. of Colorado	Fuel Adjustment Clause
01/03	U-17735	LA	Louisiana Public Service Commission	Louisiana Coops	Contract Issues
02/03	02S-594E	CO	Cripple Creek and Victor Gold Mining Co.	Aquila, Inc	Revenue requirements, purchased power.
04/03	U-26527	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Weather normalization, power purchase expenses, System Agreement expenses
11/03	ER03-753-000	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and the Entergy Operating Companies	Proposed modifications to System Agreement Tariff MSS-4.
11/03	ER03-583-000 ER03-583-001 ER03-583-002 ER03-681-000, ER03-681-001 ER03-682-000, ER03-682-001 ER03-682-002	FERC	Louisiana Public Service Commission	Entergy Services, Inc., the Entergy Operating Companies, EWO Marketing, L.P., and Entergy Power, Inc.	Evaluation of Wholesale Purchased Power Contracts.
12/03	U-27136	LA	Louisiana Public Service Commission	Entergy Louisiana, Inc.	Evaluation of Wholesale Purchased Power Contracts.
01/04	E-01345-03-0437	AZ	Kroger Company	Arizona Public Service Co.	Revenue allocation rate design.
02/04	00032071	PA	Duquesne Industrial Intervenors	Duquesne Light Company	Provider of last resort issues.

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of July 2012**

Date	Case	Jurisdiction	Party	Utility	Subject
03/04	03A-436E	CO	CF&I Steel, LP and Climax Molybdenum	Public Service Company of Colorado	Purchased Power Adjustment Clause.
04/04	2003-00433 2003-00434	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co. Kentucky Utilities Co.	Cost of Service Rate Design
0-6/04	03S-539E	CO	Cripple Creek, Victor Gold Mining Co., Goodrich Corp., Holcim (U.S.), Inc., and The Trane Co	Aquila, Inc.	Cost of Service, Rate Design Interruptible Rates
06/04	R-00049255	PA	PP&L Industrial Customer Alliance PPLICA	PPL Electric Utilities Corp.	Cost of service, rate design, tariff issues and transmission service charge.
10/04	04S-164E	CO	CF&I Steel Company, Climax Mines	Public Service Company of Colorado	Cost of service, rate design, Interruptible Rates.
03/05	Case No. 2004-00426 Case No. 2004-00421	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Louisville Gas & Electric Co.	Environmental cost recovery.
06/05	050045-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Company	Retail cost of service, rate design
07/05	U-28155	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, Inc. Entergy Gulf States, Inc.	Independent Coordinator of Transmission – Cost/Benefit
09/05	Case Nos. 05-0402-E-CN 05-0750-E-PC	WVA	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Environmental cost recovery, Securitization, Financing Order
01/06	2005-00341	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Cost of service, rate design, transmission expenses. Congestion Cost Recovery Mechanism
03/06	U-22092	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Separation of EGSi into Texas and Louisiana Companies.
04/06	U-25116	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, Inc.	Transmission Prudence Investigation
06/06	R-00061346 C0001-0005	PA	Duquesne Industrial Intervenors & IECPA	Duquesne Light Co.	Cost of Service, Rate Design, Transmission Service Charge, Tariff Issues
06/06	R-00061366 R-00061367 P-00062213		Met-Ed Industrial Energy Users Group and Penelec Industrial Customer	Metropolitan Edison Co. Pennsylvania Electric Co.	Generation Rate Cap, Transmission Service Charge, Cost of Service, Rate Design, Tariff Issues

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of July 2012**

Date	Case	Jurisdct.	Party	Utility	Subject
	P-00062214		Alliance		
07/06	U-22092 Sub-J	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc	Separation of EGSI into Texas and Louisiana Companies.
07/06	Case No. 2006-00130 Case No. 2006-00129	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Louisville Gas & Electric Co.	Environmental cost recovery.
08/06	Case No. PUE-2006-00065	VA	Old Dominion Committee For Fair Utility Rates	Appalachian Power Co.	Cost Allocation, Allocation of Rev Incr, Off-System Sales margin rate treatment
09/06	E-01345A- 05-0816	AZ	Kroger Company	Arizona Public Service Co.	Revenue allocation, cost of service, rate design.
11/06	Doc. No. 97-01-15RE02	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power United Illuminating	Rate unbundling issues.
01/07	Case No. 06-0960-E-42T	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Retail Cost of Service Revenue apportionment
03/07	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc. Entergy Louisiana, LLC	Implementation of FERC Decision Jurisdictional & Rate Class Allocation
05/07	Case No. 07-63-EL-UNC	OH	Ohio Energy Group	Ohio Power, Columbus Southern Power	Environmental Surcharge Rate Design
05/07	R-00049255 Remand	PA	PP&L Industrial Customer Alliance PPLICA	PPL Electric Utilities Corp.	Cost of service, rate design, tariff issues and transmission service charge.
06/07	R-00072155	PA	PP&L Industrial Customer Alliance PPLICA	PPL Electric Utilities Corp.	Cost of service, rate design, tariff issues.
07/07	Doc. No. 07F-037E	CO	Gateway Canyons LLC	Grand Valley Power Coop.	Distribution Line Cost Allocation
09/07	Doc. No. 05-UR-103	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Electric Power Co.	Cost of Service, rate design, tariff Issues, Interruptible rates.
11/07	ER07-682-000	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and the Entergy Operating Companies	Proposed modifications to System Agreement Schedule MSS-3. Cost functionalization issues.
1/08	Doc. No. 20000-277-ER-07	WY	Cimarex Energy Company	Rocky Mountain Power (PacifiCorp)	Vintage Pricing, Marginal Cost Pricing Projected Test Year
1/08	Case No. 07-551	OH	Ohio Energy Group	Ohio Edison, Toledo Edison Cleveland Electric Illuminating	Class Cost of Service, Rate Restructuring, Apportionment of Revenue Increase to

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of July 2012**

Date	Case	Jurisdct.	Party	Utility	Subject
2/08	ER07-956	FERC	Louisiana Public Service Commission Staff	Entergy Services, Inc. and the Entergy Operating Companies	Rate Schedules Entergy's Compliance Filing System Agreement Bandwidth Calculations.
2/08	Doc No. P-00072342	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Default Service Plan issues.
3/08	Doc No. E-01933A-05-0650	AZ	Kroger Company	Tucson Electric Power Co.	Cost of Service, Rate Design
05/08	08-0278 E-GI	WV	West Virginia Energy Users Group	Appalachian Power Co. American Electric Power Co.	Expanded Net Energy Cost "ENEC" Analysis.
6/08	Case No. 08-124-EL-ATA	OH	Ohio Energy Group	Ohio Edison, Toledo Edison Cleveland Electric Illuminating	Recovery of Deferred Fuel Cost
7/08	Docket No. 07-035-93	UT	Kroger Company	Rocky Mountain Power Co.	Cost of Service, Rate Design
08/08	Doc. No. 6680-UR-116	WI	Wisconsin Industrial Energy Group, Inc	Wisconsin Power and Light Co.	Cost of Service, rate design, tariff issues, interruptible rates.
09/08	Doc. No. 6690-UR-119	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Public Service Co.	Cost of Service, rate design, tariff issues, interruptible rates.
09/08	Case No. 08-936-EL-SSO	OH	Ohio Energy Group	Ohio Edison, Toledo Edison Cleveland Electric Illuminating	Provider of Last Resort Competitive Solicitation
09/08	Case No. 08-935-EL-SSO	OH	Ohio Energy Group	Ohio Edison, Toledo Edison Cleveland Electric Illuminating	Provider of Last Resort Rate Plan
09/08	Case No. 08-917-EL-SSO 08-918-EL-SSO	OH	Ohio Energy Group	Ohio Power Company Columbus Southern Power Co.	Provider of Last Resort Rate Plan
10/08	2008-00251 2008-00252	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co. Kentucky Utilities Co.	Cost of Service, Rate Design
11/08	08-1511 E-GI	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Expanded Net Energy Cost "ENEC" Analysis
11/08	M-2008-2036188, M-2008-2036197	PA	Met-Ed Industrial Energy Users Group and Penelec Industrial Customer Alliance	Metropolitan Edison Co. Pennsylvania Electric Co.	Transmission Service Charge
01/09	ER08-1056	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Entergy's Compliance Filing System Agreement Bandwidth Calculations

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of July 2012**

Date	Case	Jurisdct.	Party	Utility	Subject
01/09	E-01345A-08-0172	AZ	Kroger Company	Arizona Public Service Co.	Cost of Service, Rate Design
02/09	2008-00409	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative, Inc.	Cost of Service, Rate Design
5/09	PUE-2009-00018	VA	VA Committee For Fair Utility Rates	Dominion Virginia Power Company	Transmission Cost Recovery Rider
5/09	09-0177-E-GI	WV	West Virginia Energy Users Group	Appalachian Power Company	Expanded Net Energy Cost "ENEC" Analysis
6/09	PUE-2009-00016	VA	VA Committee For Fair Utility Rates	Dominion Virginia Power Company	Fuel Cost Recovery Rider
6/09	PUE-2009-00038	VA	Old Dominion Committee For Fair Utility Rates	Appalachian Power Company	Fuel Cost Recovery Rider
7/09	080677-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Company	Retail cost of service, rate design
8/09	U-20925 (RRF 2004)	LA	Louisiana Public Service Commission Staff	Entergy Louisiana LLC	Interruptible Rate Refund Settlement
9/09	09AL-299E	CO	CF&I Steel Company Climax Molybdenum	Public Service Company of Colorado	Energy Cost Rate issues
9/09	Doc. No. 05-UR-104	WI	Wisconsin Industrial Energy Group, Inc	Wisconsin Electric Power Co.	Cost of Service, rate design, tariff Issues, Interruptible rates
9/09	Doc. No. 6680-UR-117	WI	Wisconsin Industrial Energy Group, Inc	Wisconsin Power and Light Co	Cost of Service, rate design, tariff Issues, Interruptible rates.
10/09	Docket No. 09-035-23	UT	Kroger Company	Rocky Mountain Power Co.	Cost of Service, Allocation of Rev Increase
10/09	09AL-299E	CO	CF&I Steel Company Climax Molybdenum	Public Service Company of Colorado	Cost of Service, Rate Design
11/09	PUE-2009-00019	VA	VA Committee For Fair Utility Rates	Dominion Virginia Power Company	Cost of Service, Rate Design
11/09	09-1485 E-P	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Expanded Net Energy Cost "ENEC" Analysis.
12/09	Case No. 09-906-EL-SSO	OH	Ohio Energy Group	Ohio Edison, Toledo Edison Cleveland Electric Illuminating	Provider of Last Resort Rate Plan

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of July 2012**

Date	Case	Jurisdiction	Party	Utility	Subject
12/09	ER09-1224	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Entergy's Compliance Filing System Agreement Bandwidth Calculations.
12/09	Case No. VA PUE-2009-00030		Old Dominion Committee For Fair Utility Rates	Appalachian Power Co	Cost Allocation, Allocation of Rev Increase, Rate Design
2/10	Docket No. UT 09-035-23		Kroger Company	Rocky Mountain Power Co.	Rate Design
3/10	Case No. WV 09-1352-E-42T		West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Retail Cost of Service Revenue apportionment
3/10	E015/ GR-09-1151	MN	Large Power Intervenors	Minnesota Power Co.	Cost of Service, rate design
4/10	EL09-61	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement Issues Related to off-system sales
4/10	2009-00459	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Cost of service, rate design, transmission expenses.
4/10	2009-00548 2009-00549	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co. Kentucky Utilities Co.	Cost of Service, Rate Design
7/10	R-2010-2161575	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Company	Cost of Service, Rate Design
09/10	2010-00167	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative, Inc.	Cost of Service, Rate Design
09/10	10M-245E	CO	CF&I Steel Company Climax Molybdenum	Public Service Company of Colorado	Economic Impact of Clean Air Act
11/10	10-0699-E-42T	WV	West Virginia Energy Users Group	Appalachian Power Company	Cost of Service, Rate Design, Transmission Rider
11/10	Doc. No. WI 4220-UR-116		Wisconsin Industrial Energy Group, Inc.	Northern States Power Co. Wisconsin	Cost of Service, rate design
12/10	10A-554EG	CO	CF&I Steel Company Climax Molybdenum	Public Service Company	Demand Side Management Issues
12/10	10-2586-EL-SSO	OH	Ohio Energy Group	Duke Energy Ohio	Provider of Last Resort Rate Plan Electric Security Plan
3/11	20000-384-ER-10	WY	Wyoming Industrial Energy Consumers	Rocky Mountain Power Wyoming	Electric Cost of Service, Revenue Apportionment, Rate Design

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of July 2012**

Date	Case	Jurisdct.	Party	Utility	Subject
5/11	2011-00036	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Cost of Service, Rate Design
6/11	Docket No. 10-035-124	UT	Kroger Company	Rocky Mountain Power Co.	Class Cost of Service
6/11	PUE-2011-00045	VA	VA Committee For Fair Utility Rates	Dominion Virginia Power Company	Fuel Cost Recovery Rider
07/11	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc. Entergy Louisiana, LLC	Entergy System Agreement - Successor Agreement, Revisions, RTO Day 2 Market Issues
07/11	Case Nos. 11-346-EL-SSO 11-348-EL-SSO	OH	Ohio Energy Group	Ohio Power Company Columbus Southern Power Co.	Electric Security Rate Plan, Provider of Last Resort Issues
08/11	PUE-2011-00034	VA	Old Dominion Committee For Fair Utility Rates	Appalachian Power Co.	Cost Allocation, Rate Recovery of RPS Costs
09/11	2011-00161 2011-00162	KY	Kentucky Industrial Utility Consumers	Louisville Gas & Electric Co. Kentucky Utilities Company	Environmental Cost Recovery
09/11	Case Nos. 11-346-EL-SSO 11-348-EL-SSO	OH	Ohio Energy Group	Ohio Power Company Columbus Southern Power Co.	Electric Security Rate Plan, Stipulation Support Testimony
10/11	11-0452 E-P-T	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Energy Efficiency/Demand Reduction Cost Recovery
11/11	11-1274 E-P	WV	West Virginia Energy Users Group	Mon Power Co. Potomac Edison Co.	Expanded Net Energy Cost "ENEC" Analysis.
11/11	E-01345A-11-0224	AZ	Kroger Company	Arizona Public Service Co.	Decoupling
12/11	E-01345A-11-0224	AZ	Kroger Company	Arizona Public Service Co.	Cost of Service, Rate Design
3/12	Case No. 2011-00401	KY	Kentucky Industrial Utility Consumers	Kentucky Power Company	Environmental Cost Recovery
4/12	2011-00036 Rehearing Case	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Cost of Service, Rate Design
5/12	2011-346 2011-348	OH	Ohio Energy Group	Ohio Power Company	Electric Security Rate Plan Interruptible Rate Issues
6/12	PUE-2012-00051	VA	Old Dominion Committee For Fair Utility Rates	Appalachian Power Company	Fuel Cost Recovery Rider

J. KENNEDY AND ASSOCIATES, INC.

**Expert Testimony Appearances
of
Stephen J. Baron
As of July 2012**

Date	Case	Jurisdct.	Party	Utility	Subject
6/12	12-00012 12-00026	TN	Eastman Chemical Co. Air Products and Chemicals, Inc.	Kingsport Power Company	Demand Response Programs
6/12	Docket No. 11-035-200	UT	Kroger Company	Rocky Mountain Power Co.	Class Cost of Service
6/12	12-0275- E-GI-EE	WV	West Virginia Energy Users Group	Appalachian Power Company	Energy Efficiency Rider
6/12	12-0399- E-P	WV	West Virginia Energy Users Group	Appalachian Power Company	Expanded Net Energy Cost ("ENEC")
7/12	120015-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Company	Retail cost of service, rate design
7/12	2011-00063	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Environmental Cost Recovery

J. KENNEDY AND ASSOCIATES, INC.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

**APPLICATION OF KENTUCKY POWER COMPANY)
FOR APPROVAL OF AN EXPERIMENTAL)
REAL-TIME PRICING RIDER)**

CASE NO. 2012-00226

**EXHIBIT __ (SJB-2)
OF
STEPHEN J. BARON**

**ON BEHALF OF THE
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.**

KPSC Case No. 2012-00226
KIJC's First Set of Data Requests
Dated June 29, 2012
Supplemental Response to Item No. 1
July 23, 2012
Attachment 1, Redacted
Page 61 of 445

----- Forwarded by Christopher M Halsey/AEPIN on 04/24/2008 12:59 PM -----

Fred D Nichols /RO1/AEPIN
04/22/2008 10:32 AM

To: Larry C Foust/OR3/AEPIN@AEPIN, Christopher M
Halsey/AEPIN@AEPIN
cc: E J Clayton/CH1/AEPIN@AEPIN, David M
Roush/OR3/AEPIN@AEPIN, Errol K
Wagner/AS1/AEPIN@AEPIN, Larry C
Hutchison/OR3/AEPIN@AEPIN
Subject: Kentucky RTP

Larry / Chris,

AK Steel has asked for the same spreadsheet. Can you provide spreadsheets for the following two accts?

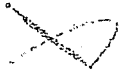
[REDACTED]
[REDACTED]

Thanks!

Don Nichols
National Account Manager
American Electric Power
PO Box 2021
Roanoke, VA 24022
(540) 985-2433 - office
(540) 798-8605 - cell
www.aepnationalaccounts.com

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KPSC Case No. 2012-00226
KIUC's First Set of Data Requests
Dated June 29, 2012
Supplemental Response to Item No. 1
July 23, 2012
Attachment 1, Redacted
Page 160 of 445



James C Clark /AEPIN
04/22/2008 04:24 PM

To Larry C Foust/OR3/AEPIN@AEPIN, Christopher M
Halsey/AEPIN@AEPIN
cc E J Clayton/CH1/AEPIN@AEPIN
bcc

Subject Fw: Experimental RTP Tariff - Kentucky Power

Can one of you please provide the initial evaluation for Air Liquide, [REDACTED], as requested below.
Thanks.

James (Bud) Clark
CS Support/National Accounts
American Electric Power
1221 Karnes Rd. Longview, TX. 75604-5926
PH: (903) 234-7319 FX: (903) 758-6927
E-mail: jcclark1@aep.com
www.aepnationalaccounts.com

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— Forwarded by James C Clark/AEPIN on 04/22/2008 03:19 PM —



"George, Christine"
<Christine.George@Airliquide.com>

To "Bud Clark" <jcclark1@aep.com>

cc

04/22/2008 02:09 PM

Subject RE: Experimental RTP Tariff -- Kentucky Power

Bud,

I would be interested in seeing an economic evaluation of this new rate for our [REDACTED] plant. Thank you,

Christine



•Christopher M Halsey /AEPIN
05/13/2008 10:51 AM

To Fred D Nichols/RO1/AEPIN@AEPIN
cc dmroush@aep.com, Larry C Foust/OR3/AEPIN@AEPIN
bcc
Subject REVISED: Re: Kentucky Power Company - RTP Tariff
(Second AK Account) [Link](#)

The LMP Rates are for calendar year 2008. I can give you the first 3 months right now ending on March 28th, 2008...so hopefully this will work. Same spreadsheet with 2008's loads.

Again this in no way guarantees the future of what prices could be .

Thanks,

Christopher Halsey, MBA
Regulatory Analyst II
Regulated Pricing & Analysis
American Electric Power, 1Riverside Plaza, 23rd Floor
Columbus, OH 43215
Phone: (614) 716-2141 Audinet: 200-2141
Fax: (614) 716-1555
cmhalsey@aep.com

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Fred D Nichols /RO1/AEPIN

05/13/2008 09:01 AM

To Christopher M Halsey/AEPIN@AEPIN, Larry C Foust/OR3/AEPIN@AEPIN
cc
Subject Re: Kentucky Power Company - RTP Tariff (Second AK Account) [Link](#)

I figured I would get this question. Is this information we can provide?

Don Nichols
National Account Manager
American Electric Power

PO Box 2021
Roanoke, VA 24022
(540) 985-2433 - office
(540) 798-8605 - cell
www.aepnationalaccounts.com

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Steve_Etstler@aksteel.com

05/13/2008 06:51 AM

To "Don Nichols" <fdnichols@aep.com>
cc
Subject Re: Kentucky Power Company - RTP Tariff (Second AK Account)

Before I sign up, how has the RTP market compare for the first 4 months of this year, versus the first 4 months from last year?

Steve Etstler
Manager-Purchasing Electric/Natural Gas/Water
AK Steel
513-425-2723 (o)
513-425-5562 (f)

"Don Nichols" <fdnichols@aep.com>

05/05/2008 01:25 PM

To "Steve Etstler" <Steve_Etstler@aksteel.com>
cc
Subject Kentucky Power Company - RTP Tariff (Second AK Account)

Steve,

I'm sending the spreadsheets for the two AK Steel accounts in separate emails since the files are so large.

Attached is a spreadsheet that may help you with your analysis of the potential benefits, to the extent possible, of the experimental Real Time Pricing (RTP) Tariff being offered by Kentucky Power Company. The spreadsheet utilizes 2007 LMP pricing and historical 2007 electricity usage to allow you to compare different firm load designations for this account. There is a place on the Sample Bill tab (cell I5) that allows you to designate the amount of firm load for the facility for your analyses. The portion above this firm load designation would be billed on the RTP Tariff using LMP prices.

The spreadsheet has a default designated load of 160,000 kW. A high value was chosen to force the spreadsheet to bill all usage, at least initially, on the standard tariff, either OP or CIP-TOD. This value, which is in cell J52, could be considered your base case analysis and used to compare the total bill with any RTP scenarios you choose to run. As you change the firm load designation, the total bill including RTP calculations, can be found in cell K74 on the sample bill tab. A comparison of cells K74 from your RTP scenario and J52 from the default calculation provides the cost or savings, based on the assumptions stated above, for RTP versus standard tariff.

There are also separate tabs for each month of 2007 that includes the interval data for the facility. A column within these tabs allows you to modify the load (+/-) if you know of an upcoming increase or decrease in load when compared to 2007 levels. The last tab on the spreadsheet shows the LMP prices for every hour during 2007.

Please note this spreadsheet uses historical data and information (i.e., 2007 usage and LMP pricing) and is not indicative of 2008 usage or pricing. Since pricing under the RTP tariff is based on market LMP values, or market prices, your realized benefits could be higher or lower than shown. This spreadsheet is provided simply as a tool to allow you to see how the RTP Tariff might have worked for your operation during 2007, based on the inputs and assumptions you use in the spreadsheet. It may also show where / when you might consider curtailment of load and energy from higher price periods to lower price periods.


Please note there is a May 15, 2008 deadline for signing up for the RTP Tariff for 12 month period beginning June 1, 2008.

I hope this helps with your analysis of the RTP Tariff. Please call or email with any questions.

Don Nichols
National Account Manager
American Electric Power
PO Box 2021
Roanoke, VA 24022
540-985-2433 (office)
540-798-8605 (cell)
www.aepnationalaccounts.com

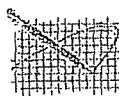
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[attachment  Sample Bill.xls" deleted by Fred D Nichols/RO1/AEPIN]



2000 First 3 Months  Sample Bill.xls



Daniel E High /OR3/AEPIN
04/24/2009 12:48 PM

To E J Clayton/CH1/AEPIN@AEPIN, Larry C
Hutchison/OR3/AEPIN@AEPIN, Errol K
Wagner/AS1/AEPIN@AEPIN
cc David M Roush/OR3/AEPIN@AEPIN

bcc

Subject Re: Fw: Fw: KY RTP

Attached are the 2008 standard and RTP rate analysis' for AK Steel and KES Acquisitions...

[attachment "AK Steel Corp - Sample Bill (04-22-09).xls" saved on "P3047191" as "C:\Documents and Settings\760115\Desktop\KY RTP Discovery\AK Steel Corp - Sample Bill (04-22-09).xls" by David M Roush at 12:12:54 AM on 7/13/2012]

[attachment "KES Acquisitions Company (04-22-09).xls" saved on "P3047191" as "C:\Documents and Settings\760115\Desktop\KY RTP Discovery\KES Acquisitions Company (04-22-09).xls" by David M Roush at 12:12:56 AM on 7/13/2012]

Feel free to call me with any questions.

Daniel E. High
Regulatory Consultant
Regulated Pricing & Analysis
American Electric Power
1 Riverside Plaza
Columbus, Ohio 43215
Phone: (614) 716 - 2825
Fax: (614) 716 - 2352

Daniel E High/OR3/AEPIN



Daniel E High/OR3/AEPIN
04/23/2009 03:32 PM

To e.j. clayton, Larry C Hutchison/OR3/AEPIN, Errol K
Wagner/AS1/AEPIN
cc David M Roush/OR3/AEPIN@AEPIN

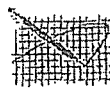
Subject Re: Fw: Fw: KY RTP

For your information, I've completed the 2008 standard and RTP rate analysis for Catlettsburg, which is attached below. Air Products and Air Liquide are effectively completed as well; which I will send to you tomorrow. I still need to investigate several discrepant demand and energy figures pertaining to AK Steel and KES Acquisitions...I should have these completed and available for you tmr as well.

Also, the attachment shown directly below is an analysis of the 2008 AEP Zone LMP hourly prices compared to KPCo's average realizations.

Please let me know if you have any questions.

KPSC Case No. 2012-00226
KIUC's First Set of Data Requests
Dated June 29, 2012
Item No. 1
Attachment 1
Redacted
Page 545 of 653



E J Clayton/CH1/AEPIN
03/27/2009 08:43 AM

To dmroush@aep.com
cc Lary C Faust/OR3/AEPIN/AEPIN, lchutclison@aep.com,
James S Mann/CH1/AEPIN
bcc

Subject Marathon Request RTP Review

David,
Yesterday, [REDACTED] requested review with the RTP spreadsheet information.
Can you provide this information for follow-up review with customer? I assume the reference market
information would include 2008 data.

Thanks
E. J. Clayton
and 600-1453
(606) 929-1453 office
(606) 929-1510 fax
(606) 922-1724 cell

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KPSC Case No. 2012-00226
KIUC's First Set of Data Requests
Dated June 29, 2012
Supplemental Response to Item No. 1
July 23, 2012
Attachment 1, Redacted
Page 188 of 445

James S Mann/CH1/AEPIN
06/22/2009 02:40 PM

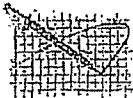
To: Errol K Wagner/AS1/AEPIN@AEPIN
cc: Judith R Willis/AS1/AEPIN@AEPIN, Dellinda K Borden/AS1/AEPIN@AEPIN, Robert S Shurtleff/AS1/AEPIN@AEPIN, Mary L
bcc:
Subject: Re: Fw: RTP Tariff Data Request

Errol:

Of those queried, Marathon Petroleum is the only customer that has expressed interest in RTP to the point of a face-to-face meeting at the corporate level. On April 30, EJ and I met with representatives of the Caltettsburg Refinery and MP's Corporate Energy Supply Analyst (Jennifer Steiner-Burner) to discuss scenarios for switching to the new RTP Tariff. Like the other high load factor customers that were targeted, RTP is not a very good fit for Marathon at this time. Additional factors, including the downturn in the steel markets, have reduced interest in RTP by customers such as AK Steel and Air Products.

However, Marathon did indicate that they might be open to a "pilot" program where they could test RTP to get a better feel for how it would work for them, without the adverse risk. Considering the lukewarm interest by those targeted for RTP, a "pilot" program might be a catalyst for future participation, especially during this slow economy.

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(304) 348-4158 (Fax)
jsmann@aep.com
www.AEPNationalAccounts.com
E J Clayton/CH1/AEPIN



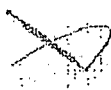
E J Clayton/CH1/AEPIN
06/22/2009 11:45 AM

To: Gary S Sumner/AEPIN@AEPIN, William L Bettinazzi/AS1/AEPIN@AEPIN, James C Clark/AEPIN@AEPIN, James S Mann/CH1/AEPIN@AEPIN
cc: Errol K Wagner/AS1/AEPIN@AEPIN, Judith R Willis/AS1/AEPIN@AEPIN, Dellinda K Borden/AS1/AEPIN@AEPIN, Robert S Shurtleff/AS1/AEPIN@AEPIN, Mary L Begley/AS1/AEPIN@AEPIN
Subject: Fw: RTP Tariff Data Request

Errol has requested any additional customer comments or information applicable for the regulatory response regarding the KP Experimental RTP tariff. I provided my preliminary response last Friday per the following email. Can you provide comments and/or additional information to Errol Wagner and Judith Willis, KP Regulatory, by Wednesday morning, June 24th? This includes customer information for 2008 (initial rate offering) through 2009. Errol will use the information to develop official response by end of month June deadline.

Please don't hesitate to contact me to discuss.

Thanks,



E J Clayton/CH1/AEPIN
04/17/2009 07:21 PM

To Daniel E High/OR3/AEPIN@AEPIN
cc
bcc
Subject Re: Air Products and KES Acquisitions []

Thats fine, Air Products and Call Refining are the primary consideration if that helps. Air Products was Inquiring today.

Thanks
Daniel E High

----- Original Message -----
From: Daniel E High
Sent: 04/17/2009 05:16 PM EDT
To: E Clayton
Subject: Re: Air Products and KES Acquisitions

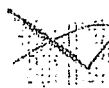
E.J.,

We should be responding very soon to this request...

Is Monday ok?

Daniel E. High
Regulatory Consultant
Regulated Pricing & Analysis
American Electric Power
1 Riverside Plaza
Columbus, Ohio 43215
Phone: (614) 716 - 2825
Fax: (614) 716 - 2352

E J Clayton/CH1/AEPIN



E J Clayton/CH1/AEPIN
04/17/2009 03:09 PM

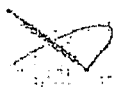
To Daniel E High/OR3/AEPIN@AEPIN
cc
Subject Re: Air Products and KES Acquisitions []

Great. I was delayed because some customer meetings and also having trouble locating KES 2008 data. Looking forward to receiving the customer RTP data due to customer request.

Thanks,
E. J. Clayton
and 600-1453
(606) 929-1453 office
(606) 929-1510 fax
(606) 922-1724 cell

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Daniel E High/OR3/AEPIN



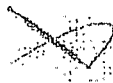
Daniel E High/OR3/AEPIN
04/17/2009 02:32 PM

To: E J Clayton/CH1/AEPIN@AEPIN
cc
Subject: Re: Air Products and KES Acquisitions

No need to respond; I have the data I was searching for.

Daniel E. High
Regulatory Consultant
Regulated Pricing & Analysis
American Electric Power
1 Riverside Plaza
Columbus, Ohio 43215
Phone: (614) 716 - 2825
Fax: (614) 716 - 2352

Daniel E High/OR3/AEPIN



Daniel E High/OR3/AEPIN
04/16/2009 05:40 PM

To: E J Clayton/CH1/AEPIN@AEPIN
cc
Subject: Air Products and KES Acquisitions

Hi E.J.,

Can you provide to me the January 2008 monthly bill amount for both [REDACTED] and [REDACTED]. If you have calendar year 2008 that would be great, however, if you do not, that's fine.

Please let me know if I need to speak with someone else.

Thanks.

Daniel E. High
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Regulated Pricing & Analysis
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Columbus, Ohio 43215
Phone: (614) 716 - 2825
Fax: (614) 716 - 2352

Errol K Wagner /AS1/AEPIN
06/23/2009 02:28 PM

To David M Roush/OR3/AEPIN@AEPIN, Daniel E
Hight/OR3/AEPIN@AEPIN
cc
bcc
Subject Fw: RTP Tariff Data Request

Additional National Account input
----- Forwarded by Errol K Wagner/AS1/AEPIN on 06/23/2009 02:28 PM -----



James C Clark/AEPIN
06/23/2009 02:21 PM

To Errol K Wagner/AS1/AEPIN@AEPIN
cc E J Clayton/CH1/AEPIN@AEPIN, Judith R
Willis/AS1/AEPIN@AEPIN
Subject Fw: RTP Tariff Data Request

Errol,
I have not had additional discussions with anyone other than Air Liquide. The decision not to participate is based on the same reasons that EJ has previously stated. Due to customer time constraints, I'm not sure how much time they actually used to evaluate the RTP option.

James (Bud) Clark
CS Support / National Accounts
American Electric Power
4421 W. Loop 281 Longview, TX 75604-5926
PH: (903) 234-7319 FX: (903) 758-6927
www.aepnationalaccounts.com

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----- Forwarded by James C Clark/AEPIN on 06/23/2009 01:16 PM -----



E J Clayton/CH1/AEPIN
06/22/2009 10:45 AM

To Gary S Sumner/AEPIN@AEPIN, William L
Bettinazzi/AS1/AEPIN@AEPIN, James C
Clark/AEPIN@AEPIN, James S Mann/CH1/AEPIN@AEPIN
cc Errol K Wagner/AS1/AEPIN@AEPIN, Judith R
Willis/AS1/AEPIN@AEPIN, Delinda K
Borden/AS1/AEPIN@AEPIN, Robert S
Shurtleff/AS1/AEPIN@AEPIN, Mary L
Begley/AS1/AEPIN@AEPIN
Subject Fw: RTP Tariff Data Request

Errol has requested any additional customer comments or information applicable for the regulatory response regarding the KP Experimental RTP tariff. I provided my preliminary response last Friday per the following email. Can you provide comments and/or additional information to Errol Wagner and Judi Willis, KP Regulatory, by Wednesday morning, June 24th? This includes customer information for 2008 (initial rate offering) through 2009. Errol will use the information to develop official response by end of

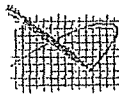
month June deadline.

Please don't hesitate to contact me to discuss.

Thanks,
E. J. Clayton
aud 600-1453
(606) 929-1453 office
(606) 929-1510 fax
(606) 922-1724 cell

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— Forwarded by E J Clayton/CH1/AEPIN on 06/22/2009 11:26 AM —



E J Clayton/CH1/AEPIN

06/19/2009 04:47 PM

To Errol K Wagner/AS1/AEPIN

cc Judith R Willis/AS1/AEPIN@AEPIN

Subject Re: RTP Tariff Data Request

Errol,

For 2008 and 2009 we provided sample RTP billing spreadsheets for review by meetings or phone to specific large power customers. For 2008, there were 8 LCI accounts in the Ashland District targeted for review with the RTP spreadsheet. This included Huntington Alloys, AK Steel, Marathon/Catlettsburg Refining LLC, El Paso Energy (Tennessee Gas Pipeline), Air Products Inc, KES Acquisition LLC, Air Liquide, and Kentucky Christian University. For 2009, 5 LCI were contacted for detailed review with the RTP spreadsheet including AK Steel Corp, Air Products Inc, Air Liquide, KES Acquisition LLC, and Marathon/Catlettsburg Refining LLC. Review of this information was completed by either direct meeting and (or) phone discussion and email.

Many of these customers expressed interest in the RTP tariff following detailed review of the sample bill spreadsheet, however, market risk and potential increase in utility cost seemed to be the key issues preventing customer participation. Customer savings, estimated using the sample bill spreadsheet, was limited and didn't seem to offset the potential risk of market pricing according to comments offered by several customers. Additional RTP rate savings which may be available with customer load modification, was limited due to restrictions with customer process and (or) plant operation.

Completion of the RTP Customer Communication system has been made available for testing using several large power customer accounts in the Ashland service district. This customer interface with the RTP market information should provide additional support and education to future and existing LCI customers interested in the RTP tariff. Continued improvements with sample RTP billing spreadsheet can also be offered for implementation to assist customers performing detailed analysis for their electric account.

These are preliminary comments based on my customer discussions. I haven't spoken with other KP districts or AEP National Account Executives who might have additional or different information to include.

Perhaps we can discuss early next week to help provide the correct information for response.

Thanks,
E. J. Clayton
aud 600-1453

(606) 929-1453 office
(606) 929-1510 fax
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Errol K Wagner/AS1/AEPIN

Errol K Wagner/AS1/AEPIN
06/16/2009 03:28 PM

To: E J Clayton/CH1/AEPIN@AEPIN
cc: David M Roush/OR3/AEPIN@AEPIN, Judith R Willis/AS1/AEPIN@AEPIN
Subject: RTP Tariff Data Request

EJ

The Company needs to reply to the following data request:

"A statement by Kentucky Power Company of whether the program is achieving the states objectives and an evaluation of the comments and suggestions of the program participants..."

Could you provide the feed back you received from your meeting with the different customers you have met with which will respond to the bold portion of the request..

Also, an estimate as to how many different customers were meeting held with.

Would like the information by the end of Friday June 19, 2009 if possible.

Any questions please call me

Thanks EJ

Errol

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KIUC's First Set of Data Requests
Dated June 29, 2012
Supplemental Response to Item No. 1
July 23, 2012
Attachment 1, Redacted
Page 238 of 445

Kentucky Power
Audinet 605-7004
Outside 502-696-7004
Cell 502-545-8750
James S Mann/CH1/AEPIN



James S Mann /CH1/AEPIN
02/17/2012 03:19 PM

To Ranie K Wohnhas/OR3/AEPIN@AEPIN
cc Daniel E High/OR3/AEPIN@AEPIN, David M Roush/OR3/AEPIN@AEPIN, Delinda K Borden/AS1/AEPIN@AEPIN, Michael D Hurley/AEPIN@AEPIN, Raymond L Kackley/OR3/AEPIN@AEPIN, William B Mosser/CH1/AEPIN@AEPIN, Gregory G Pauley/OR3/AEPIN@AEPIN, Fred D Nichols/RO1/AEPIN@AEPIN
Subject RTP Inquiry - Marathon/Catlettsburg Refinery

Ranie:

Marathon's Jennifer Steiner-Burner wants to take another look at the RTP Tariff for their Catlettsburg Refinery. I believe that Dan High devised a spreadsheet (attached) to analyze RTP for their Catlettsburg Refinery back in 2009. RTP is due to expire in July, 1 of 2013. As currently filed, we will not accept any migration of capacity to RTP after July 1, 2012.

Questions:

- o Will Kentucky Power plan to refile RTP where Marathon can participate?
- o If so, can we revisit Dan's spreadsheet and perform some analysis, based upon current rates and billing determinants for 2011 where Marathon moves [REDACTED] of capacity to RTP?
- o Finally, what will be the notification and service requirements for Marathon, if they wish to pursue?

Please advise.

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

[attachment "CIPTOD.pdf" deleted by Ranie K Wohnhas/OR3/AEPIN] [attachment "RTP Tariff.pdf" deleted by Ranie K Wohnhas/OR3/AEPIN] [attachment "Catlettsburg - Sample Bill (04-22-09).xls" deleted by Ranie K Wohnhas/OR3/AEPIN]

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

KPSC Case No 2012-00226
KIDC's First Set of Data Requests
Dated June 29, 2012
Supplemental Response to Item No. 1
July 23, 2012
Attachment 1, Redacted
Page 229 of 445



Ranle K
Wohnhas/OR3/AEPIN
03/12/2012 03:16 PM

To: James S Mann/CH1/AEPIN, Daniel E High/OR3/AEPIN, Douglas R Buck/AEPIN, Michael D Hurley/AEPIN, William B Gregory G Pauley/OR3/AEPIN, Delinda K Borden/JAS1/AEPIN

bcc

Subject: Re: RTP - Draft Response to Marathon

Looks good.

James S Mann--03/12/2012 02:06 PM EDT--

From: James S Mann
To: Daniel High; Douglas Buck; Michael Hurley; Ranle Wohnhas; William Mosser; Raymond Kackley
Cc: Gregory Pauley; Delinda Borden
Date: 03/12/2012 02:06 PM EDT
Subject: RTP - Draft Response to Marathon

Gentlemen:

Here is a draft response to Marathon regarding RTP. If you will, please review and provide comments to me by noon tomorrow, so that I may forward to the customer.

Thanks!

Hello, Jennifer.

Per your request, we have performed an analysis for migrating some of the Calletsburg Refinery's capacity to the RTP tariff. I have attached the spreadsheet that we used to perform the analysis for your review.

As you know, there will be a certain amount of capacity that will continue to be designated for billing under the current CIP TOD rate, depending on the capacity that is migrated. Here is a summary of our findings:

Designated Standard Load (MW)	Charges (\$s)	Approx. MW to RTP	Cost Reduction for all Load Stand Rate	Reduction in all Load Standard Rates
[REDACTED]				

In our analysis, we used 2011 LMP data, current rates, and 2011 load data for the refinery. Under these assumptions, we would expect that the migration of [REDACTED] to RTP would have produced approximately

KPSC Case No. 2012-00226
KIUC's First Set of Data Requests
Dated June 29, 2012
Supplemental Response to Item No. 1
July 23, 2012
Attachment 1, Redacted
Page 230 of 445

\$750,000 in annual savings.

If you would like to pursue a conference call or a meeting for further discussion, we welcome the opportunity. Let me know and I will gladly make arrangements to do so.

Regards,

Scott Mann
National Account Manager
American Electric Power
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(304) 320-4198 (Cell)
(304) 348-4158 (Fax)
jsmann@aep.com
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[attachment "RTP Analysis 2011.xls" deleted by Ranie K Wohnhas/OR3/AEPIN]

KPSC Case No. 2012-00226
KIUC's First Set of Data Requests
Dated June 29, 2012
Supplemental Response to Item No. 1
July 23, 2012
Attachment 1, Redacted
Page 216 of 445



James S Mann /CH1/AEPIN
04/10/2012 04:14 PM

To "Steiner-Burner, Jennifer (MPC)"
<jsteinerburn@marathonrefinery.com>
cc Delinda K Borden/AS 1/AEPIN@AEPIN, Douglas R
Buck/AEPIN@AEPIN, Michael Hurley/AEPIN@AEPIN,
Ranle K Wohnhas/ORS/AEPIN, William B
Gregory G Pauley/ORS/AEPIN
Subject Revised RTP Analysis for Catlettsburg Refinery

Jennifer:

We look forward to meeting with you tomorrow. Please make arrangements to have a speaker phone available so that AEP's Doug Buck may participate.

AEP attendees will be:

Ranle Wohnhas - Managing Director, Regulatory and Finance - Kentucky Power
Douglas Buck - AEP Regulatory Pricing & Analysis (by phone)
Delinda Borden - Manager, Customer & Distribution Services - Kentucky Power
Mike Hurley - Customer Services Engineer - Kentucky Power
Bary Mosser - AEP National Accounts
Scott Mann - AEP National Accounts

Please find the answers in red below to your questions you submitted last week.

As a result of your findings, we have made some corrections to the original spreadsheet (attached). This has had some impact on our analysis. We apologize for this error.

Here is our revised analysis:

Designated Standard Load (MW)	Charges (\$)	Approx. MW to RTP	Cost	% Reduction
			Reduction Relative to all Load at Standard Rates	vs. all Load at Standard Rates
[Redacted content]				

Keep in mind this analysis is based upon 2011 data and rates. It may not be a reflection of any future outcomes.

Thanks

Scott Mann
National Account Manager

KPSC Case No. 2012-00226
KJUC's First Set of Data Requests
Dated June 29, 2012
Supplemental Response to Item No. 1
July 23, 2012
Attachment 1, Redacted
Page 217 of 445

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Charleston, WV 25327
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(304) 320-4198 (Cell)
(304) 348-4158 (Fax)
jsmann@aep.com
www.AEPNationalAccounts.com

"A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty." -
Sir Winston Churchill
"Stelner-Bumer, Jennifer S. (MPC)" <jstelnerburn@marathonpetroleum.com>



"Stelner-Bumer, Jennifer S.
(MPC)"
<jstelnerburn@marathonpetr
oleum.com>
04/05/2012 12:02 PM

To <jsmann@aep.com>
cc
Subject

As I'm going through AEP's spreadsheet on the RTP rate, I'm finding some questions as follows...

1) Regarding the RTP - #5 Distribution Charge. Where has this been added on AEP's analysis spreadsheet of RTP for sub-transmission facilities? I don't see a subtransmission rate in the RTP tariff?

There is a service charge all customers pay and this varies depending on the delivery voltage. However, the refinery is a subtransmission customer. It is my understanding that the RTP - #5 Distribution Charge does not apply.

2) Capacity Rates under the bundled KP CIP-TOD rate is currently .000667. Will this change starting in June 2012 and what will it be? Will this change the RTP tariff rate also?

The CIP-TOD capacity charge will not change in June - this number will only change with a base rate case. This is not the same capacity charge as is in the RTP. The RTP capacity charge will be updated in June.

3) Are Capacity Rates in the RTP tariff under Other Market Services Charge?

KPSC Case No. 2012-00226
KIUC's First Set of Data Requests
Dated June 29, 2012
Supplemental Response to Item No. 1
July 23, 2012
Attachment 1, Redacted
Page 218 of 445

RTP Capacity Charges are defined on 30-1 and are separate from Other Market Service Charges which are defined on 30-2 .

4) AEP used a Transmission Diversity Factor of .66 and the tariff states .79?

This a typo in the original spreadsheet . Per 30-2, we have corrected in the attached version of the spreadsheet.

5) AEP used 1.03211 for Losses, which is Transmission voltage level and Catlettsburg is at sub-transmission voltage level – should be 1.04278?

This was a typo in the spreadsheet . Per 30-4, we corrected the voltage level input on the "Sample Bill" tab, cell D4, to subtransmission, for the attached spreadsheet .



No.4 - Sample Customer Billing - 4-09-12 - Actual Load.zip

FW: RTP

Page 1 of 2

FW: RTP

Steiner-Burner, Jennifer S. (MPC) [jsteinerburn@marathonpetroleum.com]

Sent: Monday, June 04, 2012 8:58 AM
To: Michael Kurtz
Attachments: Marathon RTP Addendum Dra~1.docx (19 KB)

From: jsmann@aep.com [mailto:jsmann@aep.com]
Sent: Wednesday, May 16, 2012 12:10 PM
To: Steiner-Burner, Jennifer S. (MPC)
Cc: rkwohnhas@aep.com; dmroush@aep.com
Subject: RTP

Hello, Jennifer.

If I recall, your primary concern with delaying execution of the addendum to your existing contract (until after the upcoming RTP filing) was losing your potential position in the "queue" for RTP.

I discussed the proposed modifications in the addendum with Kentucky Power's Ranie Wohnhas. If the need for this revised language is to guarantee Marathon a place in the "queue" for RTP, there is no need. According to Ranie, although the addendum is yet to be executed, **Kentucky Power still considers Marathon to be in the "queue" for RTP.**

As noted, Kentucky Power expects to be filing the new RTP Rate in a couple of weeks. We do not anticipate any changes in the methodology of determining the rate's structure. We will share the rate information with you at that time. Since we have language in the current addendum that is acceptable to both parties, I recommend that we revisit the execution of the addendum in its current form at that time.

Does this ease your concerns with your position in the "queue"?

Scott Mann
National Account Manager
American Electric Power
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(304) 348-4158 (Fax)
jsmann@aep.com
www.AEPNationalAccounts.com

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

"Steiner-Burner, Jennifer S. (MPC)"
<jsteinerburn@marathonpetroleum.com>

To "jsmann@aep.com" <jsmann@aep.com>

cc

Subject: RTP Contract Revision4

05/16/2012 08:23 AM

<https://bk1sbs2008/owa/?ae=Item&t=IPM.Note&id=RgAAAAC%2fp3AtNXWXTYSdD2Z...> 6/4/2012

KPSC Case No. 2012-00226
KIUC's First Set of Data Requests
Dated June 29, 2012
Supplemental Response to Item No. 1
July 23, 2012

Calendar Entry
Meeting

Notify me
 Mark Private
Attachment 1; Redacted
Page 20 of 41

Subject	RTP Customer discussion	Chair	Lila P. Munsey/OR3/AEPIN
When	Starts: Fri 05/25/2012 08:30 AM Ends: Fri 05/25/2012 10:00 AM 1 hr 30 mins <input type="checkbox"/> Specify a different time zone	Where	Location: Toll free 1-888-237-7 Aldinet 200-4410 Host Code 901197 Reserved: No rooms or resource have been reserved
Invitees	Invited: The following invitees have been invited Required (to): David M Roush/OR3/AEPIN@AEPIN, Douglas R Buck/AEPIN@AEPIN, Gary S Sumner/AEPIN@AEPIN, Gregory G Optional (cc): Dellinda K Borden/AS1/AEPIN@AEPIN, Ranie K Wohnhas/OR3/AEPIN@AEPIN, Raymond L Kackley/OR3/AEPIN@AEPIN	Categorize	
Description	Gentlemen: As you know, we have customers who are wishing to switch to RTP effective June 1. As you know, Marathon has also been pursuing RTP for a couple of months. Now, both AKS and Air Products have submitted requests in writing to switch immediately. It does not appear that they wish to delay this move. If I understand correctly, there is no specific language in the RTP Tariff preventing them from taking service under RTP prior to July 1 and I am being pressed for some answers. Realizing that the existing tariff is up June 30 and Marathon is the only customer that has a copy of a draft contract addendum for RTP, I am seeking your recommendation on how to proceed with these requests in a consistent manner. I would like to discuss on a call asap. Thanks. Scott Mann		
Your Notes			

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Attachment 1, Redacted
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James S Mann/CH1/AEPIN
05/14/2012 12:27 PM

To Steve.Etsler@aksteel.com
cc
bcc David M Roush/OR3/AEPIN@AEPIN; Ranie K
Wohnhas/OR3/AEPIN@AEPIN
Subject Fw: AKS Ashland - RTP/IRP Inquiry

Steve:

The RTP capacity and energy is billed at prices currently established in the PJM interconnection market. Customers who sign up for RTP will be subject to a one year term, starting July 1.

The RTP Energy Charge is determined using the AEP East Load Zone Real-Time Locational Marginal Price (LMP) established by PJM (including marginal losses), adjusted for energy losses (EL)

For your review, here's a copy of the complete RTP sheet on file.



RTP TARIFF.pdf

Keep in mind that the RTP rate for 2012-2013 will be revised to reflect updated PJM pricing and filed to be effective July 1, 2012 through June 30, 2013.

This filing is expected to occur on or about June 1.

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"A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty." -
Sir Winston Churchill
----- Forwarded by James S Mann/CH1/AEPIN on 05/14/2012 11:58 AM -----

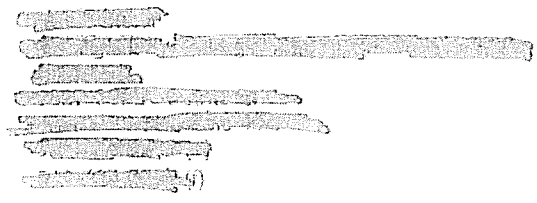


Steve.Etsler@aksteel.com
05/14/2012 11:47 AM

To jsmann@aep.com
cc
Subject Re: AKS Ashland - RTP/IRP Inquiry

Ok. That is the most detail I have heard so far.

Assuming I want to migrate some, and will provide you a number of KW to start up June 1, what PJM pricing point would you use for the energy piece?



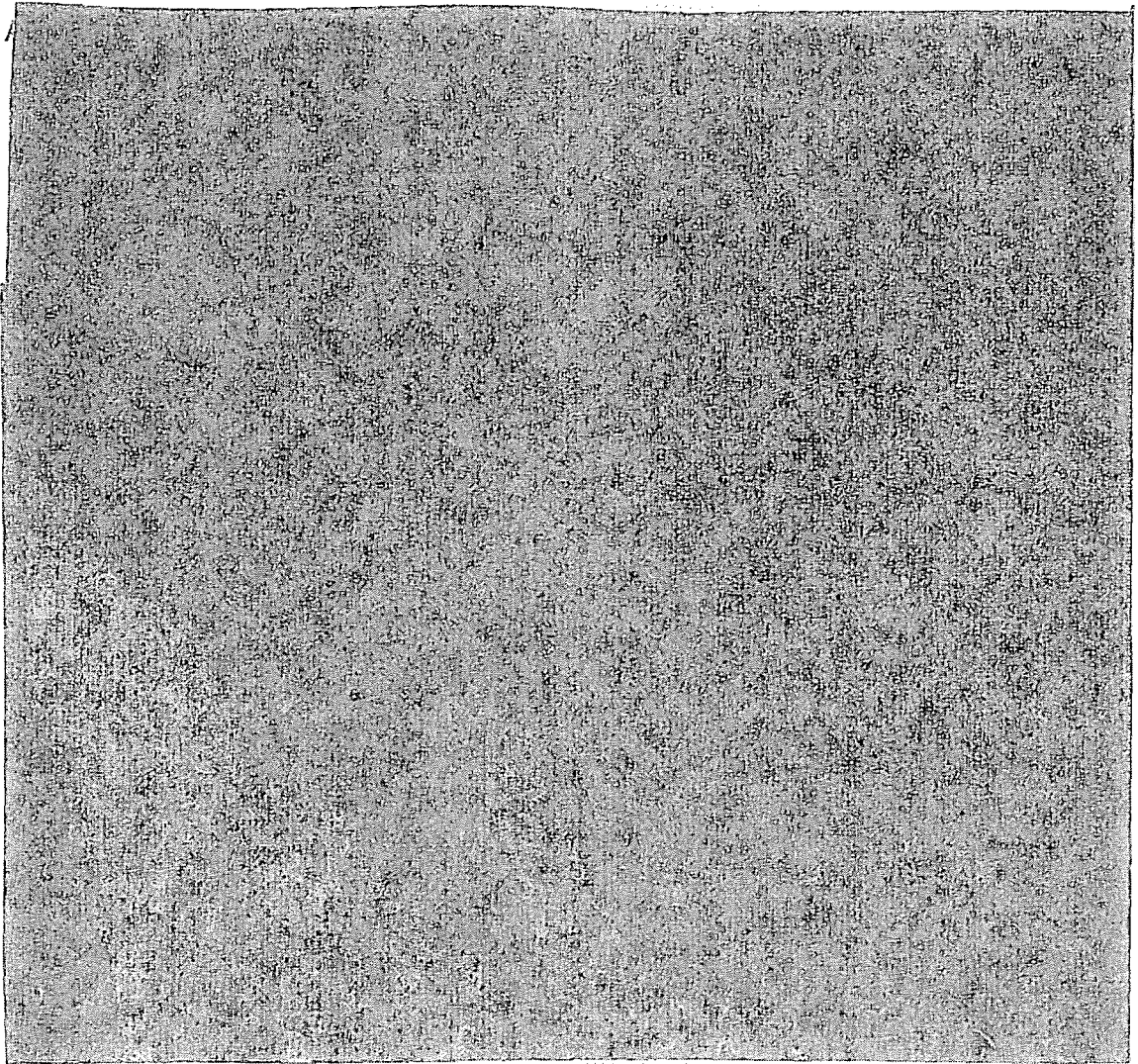
KPSC Case No. 2012-00226
KIUC's First Set of Data Requests
Dated June 29, 2012
Supplemental Response to Item No. 1
July 23, 2012
Attachment 1, Redacted
Page 411 of 445

From: jsmann@aep.com
To: Steve Etsler@aksteel.com
Date: 05/14/2012 11:22 AM
Subject: AKS Ashland - RTP/IRP Inquiry

Steve:

The existing CIPTOD contract is [REDACTED]. As long as we are not looking at a change in overall capacity, I believe that Kentucky will consider migrating any part or all of this capacity to RTP, without a year's notice on the existing contract. I have not had any discussions about an interruptible product. However, I would expect that it would be treated likewise.

Here's the most recent history for the account. I'm hearing about potential consideration for future upgrades or expansion at Ashland. Can you give me more insight?



Scott Mann
National Account Manager
American Electric Power

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

Steve Etsler@aksteel.com

05/14/2012 09:01 AM

To: jsmann@aep.com
cc
Subject

So what are you showing for that level to be based on the last 12 months? Lets say it is [REDACTED] for discussion. Then we put [REDACTED] on the interruptible and the rest stay on firm? is that the way it works.

[REDACTED]

From: jsmann@aep.com
To: Steve Etsler@aksteel.com
Date: 05/11/2012 11:55 AM
Subject: Re: Economic Development at AEP

Steve:

The monthly billing demand established shall not be less than 60% of the greater of the customer's contract capacity in the contract for electric service or your highest previously established monthly billing demand during the past 11 months.

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PO Box 1986

KPSC Case No. 2012-00226
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"A pessimist sees the difficulty in every opportunity, an optimist sees the opportunity in every difficulty." -
Sir Winston Churchill
Steve.Etsler@aksteel.com

05/08/2012 11:25 AM

To: jsmann@aep.com
cc
Subject

Re: Economic Development

Are there any rules about minimums not migrated etc?

We would like to move as much as possible. The plant used [REDACTED] as a minimum during the strike. Max demand has been about [REDACTED], although we seemed settled into a level of about [REDACTED] steady right now.

[REDACTED]

From: jsmann@aep.com
To: Steve.Etsler@aksteel.com
Date: 05/02/2012 11:43 AM
Subject: Re: Economic Development at AEP

Thanks, Steve.

I will note you and Mo as site selection contacts.

Can you provide more information about [REDACTED] RTP is available to you. It is my understanding that whatever capacity you wish to migrate to RTP, you will be obligated to use it. Do you know how much capacity you wish to migrate?

Scott Mann

KPSC Case No. 2012-00226
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Supplemental Response to Item No. 1
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"A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty." -
Sir Winston Churchill
Steve.Etsler@aksteel.com

05/02/2012 11:31 AM

To: jsmann@aep.com
cc:
Subject:

Still me. Mo is ultimately the guy who makes the call (lower than the Board approvals of course.) In fact he is working on two projects right now, and we have a very big decision relative to [REDACTED] we need to start on.

Still trying to get the answer to the Coshocton question. Mo was here for the morning meeting, then off to the coal mines before I ever got to talk to him.

Last: How do we switch [REDACTED] over to the real time experimental rate for as long as it has to run?

Steve Etsler
Manager-Purchasing Electric/Natural Gas/Water

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

From: jsmann@aep.com
To: Steve.Etsler@aksteel.com
Date: 05/02/2012 11:21 AM
Subject: Economic Development at AEP

KPSC Case No. 2012-00226
KIUC's First Set of Data Requests
Dated June 29, 2012
Supplemental Response to Item No. 1
July 23, 2012
Attachment 1, Redacted
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Good morning, Steve.

Although we have always been involved in Economic Development, AEP plans to have a much larger and a proactive role in this arena. The AEP National Account team has been selected to serve as a single point of contact for National Account Customers who may be considering expansion and looking at sites for such expansion.

Would that contact be you, or is someone else in your organization involved in the site selection process? Can you provide me with their contact info?

Thanks!

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KIUC's First Set of Data Requests
Dated June 29, 2012
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July 23, 2012
Attachment 1, Redacted
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James S Mann/CH1/AEPIN
06/05/2012 04:49 PM

To "Humphrey, Aaron" <AHumphrey@eqt.com>
cc
bcc

Subject Re: Kentucky Power Real Time Pricing [1]

Aaron:

Sorry for the late response. Rates under the current Tariff RTP expire at the end of the June 2012 billing period. It is my understanding that last Friday, Kentucky Power filed an application with the Kentucky Public Service Commission seeking to withdraw its current Tariff RTP.

It is their intent to file a new Tariff RTP by June 11. If approved, the new Tariff RTP rates will be effective starting the July 2012 billing period.

Here is a copy of the application filed. If you have questions, I will be glad to assist.

Regards,

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jsmann@aep.com
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KPCo Application.pdf

"Humphrey, Aaron" <AHumphrey@eqt.com>



"Humphrey, Aaron"
<AHumphrey@eqt.com>
05/31/2012 02:58 PM

To "jsmann@aep.com" <jsmann@aep.com>
cc

Subject Kentucky Power Real Time Pricing

Scott – Hope you had a great Memorial Day weekend.

We would like to explore utilizing the Real Time Pricing tariff for our large accounts in Kentucky. Please let me know what I need to do to make this transition.

Also, we will be preparing applications to opt-out of the WV EE/DR program. You should be receiving related paperwork from our outside counsel in the coming weeks.

Thanks, Aaron

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[REDACTED]

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Scanned from a Xerox multifunction device 001 (2).pdf

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Dated June 29, 2012
Item No. 1
Attachment 1
Redacted
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James S Mann/CH1/AEPIN
06/07/2012 12:46 PM

To: Renle K Wohnhas/OR3/AEPIN@AEPIN
cc: Raymond L Kackley/OR3/AEPIN@AEPIN, Amy J Elliott/AEPIN@AEPIN, David M Roush/OR3/AEPIN@AEPIN, drbuck@aep.com@AEPIN, Hector Garcia/AEPIN@AEPIN,
bcc:
Subject: EQT - RTP Inquiry

Renle:

I just wanted to make you aware that I have been contacted by EQT about RTP. I just spoke with Aaron Humphrey and they wish to apply for the current RTP for some of their sites. As you know, they are represented by KIUC.

We did not discuss specifics, but I let him know that on June 1, Kentucky Power applied to the commission to discontinue/replace the current Tariff RTP and indicated that the case for this application is still pending.

He requested information about the LMP that is used in the rate, so they can perform their own analysis and indicated that he would address what sites they wished to pursue in an email.

With that in mind, it looks like they have seven major sites that could be eligible:

Account Name	Bill Acct Number	Service Address	City	State	HPD	Annual kWh	Annual Revenue
[REDACTED]	[REDACTED]	[REDACTED]	Jeff	KY	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	Mc Carr	KY	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	Dema	KY	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	Jenkins	KY	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	Hazard	KY	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	Kimper	KY	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	Jenkins	KY	[REDACTED]	[REDACTED]	[REDACTED]
Totals							[REDACTED]

I will need to defer to you and your team what further information we can share with the customer, while we are waiting on a ruling on the current filing.

Regards,

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jemann@aep.com
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EXHIBIT A

"Johnson, Ron" <Ron.Johnson@airliquide.com>

06/19/2012 12:08 PM

To "James (Bud) Clark (jclark1@aep.com)" <jclark1@aep.com>

cc "Smith, Bill(Houston)" <Bill.Smith@Airliquide.com>, "Johnson, Ron" <Ron.Johnson@airliquide.com>

Subject Air Liquide Request

Mr. Clark:

Air Liquide's Ashland Kentucky facility is currently on the C.I.P. --T.O.D tariff rate for electricity with Kentucky Power. We would like to move it from this rate to the tariff RTP rate.

Please forward me the Addendum we need to begin this process.

Thank you and please let me know if you have any questions.

Ron B. Johnson
Energy Manager



AIR LIQUIDE
2700 Post Oak Blvd, Suite 1800
Houston, Tx 77058

713-402-2147 office

713-320-6696 cell

713-803-5541 fax

ron.johnson@airliquide.com

James S Mann/CH1/AEPIN



James S Mann/CH1/AEPIN
04/27/2012 04:24 PM

To Douglas R Buck/AEPIN@AEPIN
cc David M Roush/OR3/AEPIN@AEPIN, Rente K
Wohnhas/OR3/AEPIN@AEPIN, Gregory G
Pauley/OR3/AEPIN@AEPIN, Dalinda K
Borden/AS1/AEPIN@AEPIN, Michael D
Hurley/AEPIN@AEPIN, Raymond L
Kackley/OR3/AEPIN@AEPIN
Subject Air Products - RTP Inquiry - Interval Load Data

Hello, Doug.

Vic Sawicki, Energy Procurement Manager for Air Products and Chemicals, has inquired about the availability of RTP and requested Initial Information for their Ashland Kentucky facility .

Account: [REDACTED]
 Service Addr: [REDACTED] Mail Addr: [REDACTED] Contract Capacity: [REDACTED] Deposit Amount: \$0.00
 Average Monthly Bill: [REDACTED]

Motor Read Dt	Bill Amount	Cost per kWh	Tariff Code	Metered kWh	Billed kWh	Metered Demand (KW)	Billed Demand Factor	Load Factor	Power Factor	Metered KVAR Demand	Metered OffPK Demand	Metered OnPK Demand
3/31/2012	[REDACTED]	\$0.0463	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2/29/2012	[REDACTED]	\$0.0449	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
1/31/2012	[REDACTED]	\$0.0431	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
12/31/2011	[REDACTED]	\$0.0486	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
11/30/2011	[REDACTED]	\$0.0486	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
10/31/2011	[REDACTED]	\$0.0487	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
9/30/2011	[REDACTED]	\$0.0511	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
8/31/2011	[REDACTED]	\$0.0503	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
7/31/2011	[REDACTED]	\$0.0530	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
6/30/2011	[REDACTED]	\$0.0562	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
5/31/2011	[REDACTED]	\$0.0465	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
4/30/2011	[REDACTED]	\$0.0458	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Totals	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Averages	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Differences from a year ago	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
3/31/2011	[REDACTED]	[REDACTED]	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Tariff Description: CIP SUB (371)

Would it be possible to prepare an analysis, similar to Marathon, using the spreadsheet and the attached interval data?

Please advise.

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

[attachment "Air Product Jan 2011- present- KGPCO.xls" deleted by Douglas R Buck/AEPIN]

[attachment "Air Products - 2011 Sample Billing w RTP - 5-12 - Actual Load - Distributed.xls" deleted by James S Mann/CH1/AEPIN]

2011-12-31
2011-12-31
2011-12-31

2011-12-31
2011-12-31
2011-12-31

James S Mann/CH1/AEPIN
05/09/2012 04:51 PM

To Douglas R Buck/AEPIN@AEPIN
cc Michael D Hurley/AEPIN@AEPIN
bcc
Subject Re: Air Products - RTP Inquiry - Interval Load Data []

Yes. Industrial. CIP Subtransmission delivery.

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"A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty." -
Sir Winston Churchill
Douglas R Buck/AEPIN

Douglas R Buck/AEPIN
05/09/2012 03:34 PM

To James S Mann/CH1/AEPIN@AEPIN
cc
Subject Re: Air Products - RTP Inquiry - Interval Load Data []

Scott,

Thanks for the review - one question: They are an industrial customer, correct (not commercial)?

I'll review the calcs.

Doug

James S Mann/CH1/AEPIN

James S Mann/CH1/AEPIN
05/09/2012 02:29 PM

To Douglas R Buck/AEPIN@AEPIN
cc Michael D Hurley/AEPIN@AEPIN
Subject Re: Air Products - RTP Inquiry - Interval Load Data []

Doug:

Sorry for the delay in getting back to you.

According to the spreadsheet, the total bill calculation for the Standard Rate (CIPTOD) vs actual billing for the period is off quite a bit. According to the Billing History for the account, the total CIPTOD billing for the period January/December 2011 (below) was [REDACTED] the spreadsheet reflects [REDACTED] which is off by roughly [REDACTED].

Meter Read Dt	Bill Amount	Cost per kWh	Tariff Code	Metered kWh	Billed kWh	Metered Demand (KW)	Bill
12/31/2011	[REDACTED]	\$0.05	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
11/30/2011	[REDACTED]	\$0.05	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
10/31/2011	[REDACTED]	\$0.05	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
9/30/2011	[REDACTED]	\$0.05	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
8/31/2011	[REDACTED]	\$0.05	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
7/31/2011	[REDACTED]	\$0.05	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
6/30/2011	[REDACTED]	\$0.05	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
5/31/2011	[REDACTED]	\$0.05	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
4/30/2011	[REDACTED]	\$0.05	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
3/31/2011	[REDACTED]	\$0.04	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2/28/2011	[REDACTED]	\$0.05	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
1/31/2011	[REDACTED]	\$0.05	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	\$0.05	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

I believe this really impacts the comparison. Or am I missing something?

Scott Mann
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"A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty." -
Sir Winston Churchill
Douglas R Buck/AEPIN

Douglas R Buck/AEPIN
05/01/2012 09:12 AM

To James S Mena/CH1/AEPIN@AEPIN
cc

Subject Re: [REDACTED] RTP Inquiry - Interval Load Data []

Scott,

Attached is the updated file. This is the same as the [REDACTED] file, only updated with [REDACTED] load

data. After your review, we can distribute to the group. Please review the "Rates" tab to confirm this would be their tariff data. The results are similar to [REDACTED]

Let me know if you have questions.

Doug

James S Mann/CH1/AEPIN



James S Mann/CH1/AEPIN
04/27/2012 04:24 PM

To: Douglas R Buck/AEPIN@AEPIN
cc: David M Roush/OR3/AEPIN@AEPIN, Ranie K
Wohnhas/OR3/AEPIN@AEPIN, Gregory G
Pauley/OR3/AEPIN@AEPIN, Delinda K
Borden/AS1/AEPIN@AEPIN, Michael D
Hurley/AEPIN@AEPIN, Raymond L
Kackley/DR3/AEPIN@AEPIN
Subject: [REDACTED] RTP Inquiry - Interval Load Data

Hello, Doug.

[REDACTED] has inquired about the availability of RTP and requested initial information for their Ashland Kentucky facility.

Account: [REDACTED]
Service Addr: [REDACTED] Mail Addr: [REDACTED] Contract Capacity: [REDACTED] Deposit Amount: \$0.00
Average Monthly Bill: [REDACTED]
H: [REDACTED]

Meter Read Dt	Bill Amount	Cost per kWh	Tariff Code	Metered kWh	Billed kWh	Metered Demand (KW)	Billed Demand Factor	Load Factor	Power Factor	Metered Demand Demand	Metered Demand Demand	Metered Demand Demand
3/31/2012	[REDACTED]	0.0463	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2/29/2012	[REDACTED]	0.0449	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
1/31/2012	[REDACTED]	0.0401	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
12/31/2011	[REDACTED]	0.0466	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
11/30/2011	[REDACTED]	0.0406	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
10/31/2011	[REDACTED]	0.0467	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
9/30/2011	[REDACTED]	0.0511	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
8/31/2011	[REDACTED]	0.0503	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
7/31/2011	[REDACTED]	0.0530	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
6/30/2011	[REDACTED]	0.0562	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
5/31/2011	[REDACTED]	0.0465	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
4/30/2011	[REDACTED]	0.0458	371	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Totals	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Average	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Difference from a year ago	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
3/31/2011	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Tariff Description: CIP SUB (371)

Would it be possible to prepare an analysis, similar to Marathon, using the spreadsheet and the attached interval data?

Please advise.

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

[attachment "Air Product Jan 2011- present- KGPCO.xls" deleted by Douglas R Buck/AEPIN]

Michael D Hurley /AEPIN
05/10/2012 09:35 AM

To Douglas R Buck/AEPIN@AEPIN
cc James S Mann/CH1/AEPIN@AEPIN
bcc
Subject Re: [REDACTED] RTP Inquiry - Interval Load Data [1]

History: [REDACTED] This message has been replied to.

So the savings to [REDACTED] is nearly [REDACTED]

Thanks,
Mike

Michael Hurley
Customer Services Engineer
office phone: 606/929-1453
Audiinet: 600-1453
cell: 606/922-1724
fax: 606/929-1510

Douglas R Buck/AEPIN

Douglas R Buck/AEPIN
05/10/2012 09:32 AM

To James S Mann/CH1/AEPIN@AEPIN
cc Michael D Hurley/AEPIN@AEPIN
Subject Re: [REDACTED] RTP Inquiry - Interval Load Data [1]

Scott, Mike,

I found the cause of the variance - Basically, Air Products seems to reduce their demand during on-peak periods. Our model has not adjusted to account for weekday vs weekend days and therefore is overestimating the on-peak demand. This accounts for nearly all the variance. Marathon does not appear to do this so the impact is much less.

I also made an adjustment to the RTP calculation that had to do with the DSM rider (this was very minor) and updated the capacity charge based on the 2012/2013 RPM resource clearing price of \$16.46/MW-day and an RTO reserve margin of 20.9%. NITS is updated based on the most recent data available and will not have more current data available until the end of May. The RTP total estimate [REDACTED] the Standard rate at approximate [REDACTED]

Let me know if you would like to discuss this further and how you would like to proceed.

Doug

James S Mann/CH1/AEPIN

[REDACTED]



James S Mann/CH1/AEPIN
05/18/2012 08:37 AM

To Ranle K Wohnhas/OR3/AEPIN, Douglas R
Buck/AEPIN@AEPIN, David M Roush/OR3/AEPIN@AEPIN
cc Delinda K Borden/AS1/AEPIN@AEPIN, Michael D
Hurley/AEPIN@AEPIN, Raymond L
Kackley/OR3/AEPIN@AEPIN
bcc
Subject Fw: Air Products - RTP Inquiry - Interval Load Data

Good morning (again).

Our initial RTP analysis for Air Products has not been shared with the customer. Considering the potential changes to RTP in our next filing, I will delay sharing this information with the customer until authorized to do so.

Regards,

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

--- Forwarded by James S Mann/CH1/AEPIN on 05/18/2012 08:32 AM ---

Douglas R Buck/AEPIN
05/15/2012 12:41 PM

To James S Mann/CH1/AEPIN@AEPIN
cc Michael D Hurley/AEPIN@AEPIN
Subject Re: Air Products - RTP Inquiry - Interval Load Data [1]

Thanks for the review. Attached is the update.

Doug


[attachment "Air Products - 2011 Sample Billing w RTP - 5-12 - Actual Load - Distributed.xls" deleted by
James S Mann/CH1/AEPIN]

James S Mann/CH1/AEPIN



James S Mann/CH1/AEPIN
05/15/2012 11:50 AM

To Douglas R Buck/AEPIN@AEPIN
cc Michael D Hurley/AEPIN@AEPIN

 Subject Re: Air Products - RTP Inquiry - Interval Load Data []

Doug:

During a quick look at your spreadsheet, we found an error in your CIP surcharges for February 2011. This error resulted in an additional \$80K being reflected in CIP billing for the month. The actual System Sales Clause for February 2011 is 0.0006374 instead of 0.006374.

If you make this change, it looks like we are only off a few hundred dollars for CIP billing for the year, which can be attributed to small differences between the interval data and the rounded as billed readings.

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"A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty." -
Sir Winston Churchill
Douglas R Buck/AEPIN

Douglas R Buck/AEPIN
05/15/2012 10:31 AM

To: James S Mann/CH1/AEPIN@AEPIN
cc: David M Roush/OR3/AEPIN@AEPIN, Delinda K
Borden/AS1/AEPIN@AEPIN, Gregory G
Pauley/OR3/AEPIN@AEPIN, Michael D
Hutley/AEPIN@AEPIN, Rania K
Wohnhas/OR3/AEPIN@AEPIN, Raymond L
Kackley/OR3/AEPIN@AEPIN, James F
Martin/OR1/AEPIN@AEPIN
Subject Re: Air Products - RTP Inquiry - Interval Load Data []

Scott,

Attached is the updated file. The RTP rates also include the following updates: a capacity charge based on the 2012/2013 RPM resource clearing price, an RTO reserve margin of 20.9%, and a NITS transmission charge based on the most recent data available. Using 2011 data, moving all load to the RTP rate results in a cost reduction of approximately \$831,000, or 9.1%, relative to all load at standard rates.

Let me know if you have questions.

Doug

KPSC Case No. 2012-00226
KILJC's First Set of Data Requests
Dated June 29, 2012
Supplemental Response to Item No. 1
July 23, 2012
Attachment 1, Redacted
Page 277 of 445

Douglas R Buck /AEPIN
05/15/2012 10:31 AM

To James S Mann/CH1/AEPIN@AEPIN
cc David M Roush/OR3/AEPIN@AEPIN, Delinda K
Borden/AS1/AEPIN@AEPIN, Gregory G
Pauley/OR3/AEPIN@AEPIN, Michael D
bcc
Subject Re: Air Products - RTP Inquiry - Interval Load Data [1]

Scott,

Attached is the updated file. The RTP rates also include the following updates: a capacity charge based on the 2012/2013 RPM resource clearing price, an RTO reserve margin of 20.9%, and a NITS transmission charge based on the most recent data available. Using 2011 data, moving all load to the RTP rate results in a cost reduction of approximately ~~10.5%~~, relative to all load at standard rates.

Let me know if you have questions.

Doug



Air Products - 2011 Sample Billing w RTP - 5-12 - Actual Load - Distributed.xls

James S Mann/CH1/AEPIN



James S Mann /CH1/AEPIN
04/27/2012 04:24 PM

To Douglas R Buck/AEPIN@AEPIN
cc David M Roush/OR3/AEPIN@AEPIN, Ranle K
Wohnhas/OR3/AEPIN@AEPIN, Gregory G
Pauley/OR3/AEPIN@AEPIN, Delinda K
Borden/AS1/AEPIN@AEPIN, Michael D
Hurley/AEPIN@AEPIN, Raymond L
Kackley/OR3/AEPIN@AEPIN
Subject Air Products - RTP Inquiry - Interval Load Data

Hello, Doug.

Vic Sawicki, Energy Procurement Manager for Air Products and Chemicals, has inquired about the availability of RTP and requested initial information for their Ashland Kentucky facility.



Kackley/OR3/AEPIN@AEPIN
 Subject Air Products - RTP Inquiry - Interval Load Data

Hello, Doug.

[Redacted] has inquired about the availability of RTP and requested initial information for their Ashland Kentucky facility .

Account: [Redacted]
 Service [Redacted] Mail Addr: [Redacted] Contract Capacity: 26,300 Deposit Amount: \$0.00
 Addr: [Redacted]
 Average Monthly Bill: [Redacted]

Meter Read DT	Bill Amount	Cost per kWh	Tariff Code	Metered kWh	Billed kWh	Metered Demand (kW)	Billed Demand (kW)	Load Factor	Power Factor	Metered KVAR Demand	Metered OnPK Demand	Metered OnPK Demand
3/31/2012	[Redacted]	[Redacted]	371	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
2/29/2012	[Redacted]	\$0.0449	371	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
1/31/2012	[Redacted]	\$0.0481	371	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
12/31/2011	[Redacted]	\$0.0486	371	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
11/30/2011	[Redacted]	\$0.0495	371	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
10/31/2011	[Redacted]	\$0.0407	371	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
9/30/2011	[Redacted]	\$0.0511	371	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
8/31/2011	[Redacted]	\$0.0509	371	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
7/31/2011	[Redacted]	\$0.0530	371	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
6/30/2011	[Redacted]	\$0.0562	371	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
5/31/2011	[Redacted]	\$0.0465	371	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
4/30/2011	[Redacted]	\$0.0459	371	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
Totals	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
Averages	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
Differences from a year ago	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
3/31/2011	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]

Tariff Description: CIP SUB (371)

Would it be possible to prepare an analysis, similar to Marathon, using the spreadsheet and the attached interval data?

Please advise.

Scott Mann
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 American Electric Power
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 Charleston, WV 25327
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"A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty." - Sir Winston Churchill



James S Mann/CH1/AEPIN
05/29/2012 11:51 AM

To: James F Martin/OR1/AEPIN@AEPIN
cc: David M Roush/OR3/AEPIN@AEPIN,
drbuck@aep.com@AEPIN, Gary S Sumner/AEPIN@AEPIN,
James S Mann/CH1/AEPIN@AEPIN, Lila P
bcc:
Subject: Air Products

Jlm:

Based upon our correspondence with Air Products, they have decided to defer migrating to RTP until they have some analysis on what we expect RTP rates to look like for 2012-2013.

They are requesting such analysis from us, when available. As advised today, I will hold on forwarding any draft addendum to the customer until I am advised to do so.

Thanks.

Scott Mann
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(304) 348-4158 (Fax)
jsmann@aep.com
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"A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty." -
Sir Winston Churchill

----- Forwarded by James S Mann/CH1/AEPIN on 05/29/2012 11:43 AM -----



"Sawicki, Victor F."
<SAWICKVF@airproducts.com>
m>
05/29/2012 10:56 AM
To: "jsmann@aep.com" <jsmann@aep.com>
cc:
Subject: RE: Kentucky Power Rate RTP

Scott,

Thanks for the additional information. I will look forward to the draft amendment.

If your rate folks have a model for the current version of RTP that would be useful. I think I understand it, but I want to make sure I am not missing anything. If there is not a model, maybe you can suggest a contact in the rates group that can walk me through the calculation for a month.

It looks like we should wait to commit, based on the changes that that will be proposed in the next couple of weeks, if that is okay with you. When you know what the approximate changes are that will

be proposed, please let me know so I can circulate the information here.

Vic

From: jsmann@aep.com [mailto:jsmann@aep.com]
Sent: Friday, May 25, 2012 3:10 PM
To: Sawicki, Victor F.
Subject: Re: Kentucky Power Rate RTP

Vic:

We are working on an addendum for your Ashland contract that would allow you to migrate capacity to RTP.

Since the current RTP rate expires June 30, there will be a new filing for the 2012-13 period in the next couple of weeks.

Those changes are yet to be determined. So, I do not have accurate modeling at this time.

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(304) 348-4158 (Fax)
jsmann@aep.com
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"A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty." -
Sir Winston Churchill

"Sawicki, Victor F."
<SAWICKVF@airproducts.com>

05/23/2012 04:07 PM

To: jsmann@aep.com <jsmann@aep.com>
cc: Smith, Shawn P. <SMITHSP@airproducts.com>, "Johnston, Harry"
<JOHNSTHK@airproducts.com>
Subject: Kentucky Power Rate RTP
ct

Scott,

I recommended today to our commercial team that we switch to rate RTP effective June 1 at our Ashland plant. Could you please tell me what we need to do to commit to this, assuming my recommendation is accepted?

Do you have a model of the rate that you can share (with a sample LMP rate)?
Do you know if any of the factors in the rate are changing soon?

Vlc

KPSC Case No. 2012-00226
KIUC's First Set of Data Requests
Dated June 29, 2012
Item No. 1
Attachment 1
Redacted
Page 59 of 653



James S Mann/CH1/AEPIN
06/29/2012 11:24 AM

To Lila P Munsey/OR3/AEPIN@AEPIN
cc Raymond L Kackley/OR3/AEPIN@AEPIN
bcc
Subject: ~~_____~~ Inc. Email to Greg Pauley

FYI

Scott Mann
National Account Manager
American Electric Power
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----- Forwarded by James S Mann/CH1/AEPIN on 06/29/2012 11:23 AM -----



"Yolt,Roger A."
<YDTTRA@airproducts.com>
06/29/2012 11:22 AM

To "ggpauley@aep.com" <ggpauley@aep.com>,
"jsmann@aep.com" <jsmann@aep.com>
cc "Pastore,Steven P." <PASTORSP@airproducts.com>,
"rkwohnhas@aep.com" <rkwohnhas@aep.com>,
"moverstreet@stites.com" <moverstreet@stites.com>,
"Armstrong,John J. (LAW)" <ARMSTRJJ@airproducts.com>
Subject RTP For Air Products and Chemicals, Inc.

Dear Mr. Pauley,

On 20 June 2012 ~~_____~~ (APCI) sent in the attached addendum requesting service under Kentucky Power Tariff RTP for service beginning July 1, 2012. Under this addendum we set our Contract Capacity under Tariff C.I.P. --T.O.U. at 0 MW. I have been advised by counsel that by Order entered June 28, 2012 in Case No: 2012-00226 the KPSC confirmed that the existing Tariff RTP has not been suspended and remains in full force and effect. Under the existing Tariff RTP, the capacity price is to reflect the currently effective PJM RPM price of \$16/mw-day for the 2012/2013 Planning Year.

Therefore, as confirmed by the KPSC Order, APCI has a legal entitlement to take service under the lawful Tariff RTP effective July 1, 2012 and expect Kentucky Power to comply with the KPSC's Order.

Please confirm that you will honor our 20 June 2012 request.

Roger



James S Mann /CH1/AEPIN
05/18/2012 08:31 AM

To Ranie K Wohnhas/OR3/AEPIN, David M
Roush/OR3/AEPIN@AEPIN, Douglas R
Buck/AEPIN@AEPIN
cc Michael D Hurley/AEPIN@AEPIN, Delinda K
Borden/AS1/AEPIN@AEPIN, Raymond L
Kackley/OR3/AEPIN@AEPIN
bcc

Subject RTP Inquiry by AKS - Potential Changes to RTP

Good morning.

AKS wishes to migrate [REDACTED] of their current contract to RTP, effective June 1. It is my understanding that the earliest date that they can migrate this capacity to RTP is July 1. Please advise.

It is also my understanding that we are looking at an RTP filing by the end of the month which change the RTP rate and potentially it's initial term. I understand the need to consider modifying RTP. However, any significant modifications in RTP will most likely result in intervention by our National Account Customers. Having our message ready regarding this filing for these customers at the time of this filing may not prevent an intervention, but I believe that we should have some type of customer communication prepared to share at the time we file.

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

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

----- Forwarded by James S Mann/CH1/AEPIN on 05/18/2012 08:10 AM -----



Steve.Etstler@aksteel.com

05/18/2012 07:56 AM

To jsmann@aep.com

cc

Subject Re: Switch to Time of Day rate in Ashland

That is all correct. Thanks for the support.



From: jsmann@aep.com

Fw: Switch to Time of Day rate in Ashland

Page 1 of 2

Fw: Switch to Time of Day rate in Ashland

Steve.Etsler@aksteel.com [Steve.Etsler@aksteel.com]

Sent: Monday, June 04, 2012 9:46 AM

To: Michael Kurtz

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)

--- Forwarded by Steve Etsler/AKSTEEL on 06/04/2012 09:46 AM ---

From: Steve Etsler/AKSTEEL
To: jsmann@aep.com
Date: 05/18/2012 07:56 AM
Subject: Re: Switch to Time of Day rate in Ashland

That is all correct. Thanks for the support.

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" <Steve.Etsler@aksteel.com>, "James Mann" <jmann@suddenlink.net>
Date: 05/17/2012 07:31 PM
Subject: Re: Switch to Time of Day rate in Ashland

Steve:

I believe that the rate that you are referring RTP. Based upon your note, I assume you wish to migrate 35MW of capacity. Please confirm.

I will have to check on earliest date of the transition and get you an addendum for your existing contract.

Scott

Fw: Switch to Time of Day rate in Ashland

Page 2 of 2

From: Steve.Etsler
Sent: 05/17/2012 11:04 AM AST
To: James Mann
Cc: Eli_Wallace@aksteel.com
Subject: Switch to Time of Day rate in Ashland

AK Steel Ashland wants to convert the entire plant load to the experimental rate option Time of Day for June.1. We understand there is a current sunset on the rate. We also agree that there is no change in the contract demand and minimums calculated off that contract demand.

Thanks for your help in getting this going.

Steve Etsler
Manager-Purchasing Electric/Natural Gas/Water
AK Steel
9227 Centre Pointe Drive
West Chester, Ohio 45069
513-425-2723 (o)
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Fw: Ashland Real Time start date? June 1??????

Page 1 of 2

Fw: Ashland Real Time start date? June 1??????

Steve.Etsler@aksteel.com [Steve.Etsler@aksteel.com]

Sent: Monday, June 04, 2012 9:41 AM

To: Michael Kurtz

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)

----- Forwarded by Steve Etsler/AKSTEEL on 06/04/2012 09.40 AM -----

From: jsmann@aep.com
To: Steve Etsler@aksteel.com
Date: 05/25/2012 03:00 PM
Subject: Re: Ashland Real Time start date? June 1??????

Steve:

We are working on an addendum for your Ashland contract. I expect to have it to you early next week.

Scott Mann
National Account Manager
American Electric Power
707 Virginia Street East
Charleston, WV 25301
PO Box 1986
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(304) 348-4167 (Office)
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(304) 348-4158 (Fax)
jsmann@aep.com
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

05/24/2012 12:32 PM

To: jsmann@aep.com
cc
Subject: Ashland Real Time start date? June 1??????

Fw: Ashland Real Time start date? June 1??????

Page 2 of 2

Steve Etsler
Manager-Purchasing Electric/Natural Gas/Water
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9227 Centre Pointe Drive
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Fw: REAL TIME RATE

Page 1 of 4

Fw: REAL TIME RATE

Steve.Etsler@aksteel.com [Steve.Etsler@aksteel.com]

Sent: Monday, June 04, 2012 9:44 AM

To: Michael Kurtz

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)

----- Forwarded by Steve Etsler/AKSTEEL on 06/04/2012 09:44 AM -----

From: Steve Etsler/AKSTEEL
To: jsmann@aep.com
Date: 05/30/2012 01:44 PM
Subject: Re: REAL TIME RATE

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.

Fw: REAL TIME RATE

Page 2 of 4

Scott Mann
National Account Manager
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707 Virginia Street East
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www.AEPNationalAccounts.com

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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 KUIC 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

Fw: REAL TIME RATE

Page 3 of 4

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

Fw: REAL TIME RATE

Page 4 of 4

Steve Etsler
Manager-Purchasing Electric/Natural Gas/Water
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9227 Centre Pointe Drive
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Fw: REAL TIME RATE

Page 1 of 3

Fw: REAL TIME RATE

Steve.Etsler@aksteel.com [Steve.Etsler@aksteel.com]

Sent: Monday, June 04, 2012 9:44 AM

To: Michael Kurtz

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)

----- Forwarded by Steve Etsler/AKSTEEL on 06/04/2012 09:44 AM -----

From: Steve Etsler/AKSTEEL
To: jsmann@aep.com
Date: 05/30/2012 02:13 PM
Subject: Re: REAL TIME RATE

After doing some checking, that should be ok. It seems the main change coming is to make the demand charges conform to the PJM demand charges which is exactly what we want to do for as long as we can. Two years would be nice. Maybe we can get lucky and AEP extend past the current filed sunset;

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.

<https://bklsbs2008/owa/?ae=Item&t=IPM.Note&id=RgAAAAC%2fp3AtNXWXTYSdD2Z...> 6/4/2012

Fw: REAL TIME RATE

Page 2 of 3

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,

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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
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Fw: REAL TIME RATE

Page 3 of 3

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Fw: RTP

Page 1 of 2

Fw: RTP

Steve.Etsler@aksteel.com [Steve.Etsler@aksteel.com]

Sent: Monday, June 04, 2012 9:38 AM

To: Michael Kurtz

Attachments: KPCo Application.pdf (188 KB)

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)

----- Forwarded by Steve Etsler/AKSTEEL on 06/04/2012 09:38 AM -----

From: jsmann@aep.com
To:
Date: 06/01/2012 04:56 PM
Subject: RTP

Good afternoon:

As you know, rates under the current Tariff RTP expire at the end of the June 2012 billing period. Today, Kentucky Power filed an application with the Kentucky Public Service Commission seeking to withdraw its current Tariff RTP. It is their intent to file a new Tariff RTP by June 11. If approved, the new Tariff RTP rates will be effective starting the July 2012 billing period.

Here is a copy of the application filed. If you have questions, I will be glad to assist.

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

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

**APPLICATION OF KENTUCKY POWER COMPANY)
FOR APPROVAL OF AN EXPERIMENTAL)
REAL-TIME PRICING RIDER)**

CASE NO. 2012-00226

**EXHIBIT __ (SJB-3)
OF
STEPHEN J. BARON**

**ON BEHALF OF THE
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.**

KPSC Case No. 2007-00166
Attorney General's Second Set of Data Requests
Order Dated June 15, 2007
Item No. 6
Page 1 of 1

Kentucky Power Company

REQUEST

Please reference the Company's response to the Attorney General's First Set of Data Requests, item 6(E).

- a. Please provide a detailed explanation of the company's assertion that over-recovery from participants will not occur given that the proposed tariffs are not based upon the company's costs of generation but rather the PJM RTO tariffs, which the company acknowledges are "much higher" than Kentucky's tariff prices "over 90% of the time."
- b. Please provide a detailed explanation of exactly what costs the company will incur by utilizing the PJM RTO rates rather than its own costs of generation.

RESPONSE

- a. See the response to question 2 D of the Attorney General's second set of data requests.
- b. AEP/Kentucky Power treats the portion of the load designated by the customer as subject to real-time pricing as if the customer is purchasing its requirement directly from the market. AEP will separately identify the real-time load and will be purchasing from the market the requirements for that load. The costs AEP incurs to do that will be passed on to the customer. Those costs are detailed in the RTP tariff and include demand, energy, ancillary and transmission charges. The distribution charge included is derived from the charges currently included in the Company's standard tariffs and the program charge is for additional administrative charges incurred by the Company.

WITNESS: Larry C Foust

KPSC Case No. 2007-00166
Attorney General's Second Set of Data Requests
Order Dated June 15, 2007
Item No. 2
Page 1 of 2

Kentucky Power Company

REQUEST

Please reference the Company's Response to the Attorney General's First Set of Data Requests, item 3.

- a. As the company acknowledges that the PJM RTO prices are "much higher" than Kentucky's tariff prices over 90% of the time, and under the proposed pilot the participant would voluntarily designate what portion of their load is subject to these higher prices, does the company realistically expect any customer to participate in the program given that, under the pilot as proposed by the company, it seems that the customer would be merely volunteering to pay higher tariff prices with little or no corresponding benefit?
- b. Please provide a detailed explanation of how the company believes a participant would benefit under the pilot program as proposed by the company.
- c. Please provide a detailed explanation, including specific examples, of how the company believes the customer baseline approach is subject to manipulation and by whom?
- d. Given the company's statement that PJM RTO prices are "much higher" than Kentucky's tariff prices over 90% of the time, does the company expect to over-recover from program participants based upon its actual costs of generation? If so, how does the company propose to allocate such over-recovered funds?

RESPONSE

- a. The hourly LMP (energy) price is much higher than Kentucky Power's energy charge. However the demand charge for Kentucky Power is much higher than the capacity charge in the PJM market. The customer's ability to save money is therefore a trade-off between demand and energy prices.
- b. If the customer's load pattern contains demand spikes, i.e. high demands with little associated usage, the customer may benefit by changing from the tariff rate which has a relatively high demand charge and lower energy charges and switching to market pricing with a relatively lower capacity charge and higher energy prices. Further, as the customer controls its demand in response to hourly market prices they could save even more money.

c. No. Establishment of a customer baseline is not a matter of solving a mathematical equation but instead is always subject to negotiation. It raises a significant number of questions, such as: What period is used to set the baseline - the last year, the last month, the last week? Is the customer increasing or decreasing its load over time? Does the historical period represent future operations? If not how do you adjust it? Does the facility normally shut down for extended periods? The Company and the customer can look at the same historical information and reach markedly different conclusions about what the baseline is. Removing the customer baseline as a basis to determine "normal" operations makes these questions irrelevant and eliminates significant potential disputes, which may have resulted in limiting customer participation.

d. No. The Company's generation and its cost will be used to supply the energy it commits to provide to the customer at standard tariff prices. The amount of energy, which the customer purchases at market prices, will be supplied from the energy purchased on the market by Kentucky Power. Therefore the Company will collect its costs.

WITNESS: Larry C Foust

KPSC Case No. 2007-00166
Attorney General's First Set of Data Requests
Dated May 18, 2007
Item No. 6
Page 1 of 1

Kentucky Power Company

REQUEST

Please reference the Foust testimony, at page 5, starting at line 13 through line 23.

- A. Please provide a detailed estimate of the anticipated administrative costs of the program.
- B. Which of these costs are independent of the number of participants? Which of these costs are incremental costs that will be incurred based on the number of participants?
- C. What costs does the company expect to recover through the proposed administration fee?
- D. What costs does the company expect to recover through its base rates?
- E. As participants are to be charged for a portion of load they designate at their current tariff rate plus any portion of additional load they designate as subject to real-time pricing, does the possibility exist for over or under recovery from individual participants? If so , how does the company propose to allocate such over or under recovered funds?

RESPONSE

- (A) The Company has not prepared a detailed estimate of the anticipated administrative costs. Because the tariff is being offered at the direction of the Commission and as a pilot project with limited availability, the Company does not anticipate developing a detailed estimate until the Commission finally approves the project and its features.
 - (B) Incremental costs for billing customers is dependent upon the number of customers participating. Other costs such as customer communication system improvements or program information materials would be independent from the number of customers participating.
 - (C & D) The proposed administration fee was not set to recover any certain costs. It was set at a level which the Company felt would not discourage customers from participating in the program. Any costs that the Company over- or under-recovers will be deferred and the Company will seek an adjustment through a later proceeding.
 - (E) No, the Company believes that individual participants will pay for the costs they cause the Company to incur. The current tariff rates are cost based and the price paid for usage under real-time pricing reflects the costs customers would incur if they purchased the electricity in the competitive market.
- WITNESS:** Larry C Foust

KPSC Case No. 2007-00166
Attorney General's Second Set of Data Requests
Order Dated June 15, 2007
Item No. 9
Page 1 of 1

Kentucky Power Company

REQUEST

Is the proposed program designed to be cost neutral to participants whose consumption patterns (load profile) do not change but designate a portion of load subject to the tariff? If so, please provide a detailed example of exactly how, including the portion of load designated by the hypothetical participant. In addition, please describe the corresponding benefit to the participant in the example.

RESPONSE

The program is not bill neutral to participants who designate a portion of their current load subject to real time pricing. It may be beneficial or detrimental to them depending on the load and usage characteristics since market capacity charges are currently less than the Company's demand charge and market energy prices are typically greater than the Company's energy charge. Once on the program, it will be more beneficial for customers to move usage to less costly hours since the market energy rates are typically higher than the Company's. In addition customers may be able to gain from added operational flexibility.

WITNESS: Larry C Foust

KPSC Case No. 2007-00166
Attorney General's First Set of Data Requests
Dated May 18, 2007
Item No. 1
Page 1 of 1

Kentucky Power Company

REQUEST

Please reference the Foust testimony, at page 3, starting at line 4 through line 14

- A. Provide a detailed explanation, including all relevant determinants or decision-making reasons, for allowing program participants to choose the amount of load they are willing to have subject to real-time pricing.
- B. Does the company believe that allowing participants to choose the amount of load they are willing to have subject to real-time pricing will result in revenue erosion? If not, why?
- C. Does the company believe that allowing participants to choose the amount of load they are willing to have subject to real-time pricing will result in no participants subsidizing program participants? If not, why?

RESPONSE

(A) Allowing customers to choose the amount of load they are willing to have subject to real-time pricing was incorporated into the program to encourage customer participation. It allows customers the ability to experiment with their operations at a level of risk they are willing to accept. All customers have a different level of risk they are willing to accept and all customers' operations are different. Customers are in the best position to determine the level of risk and their ability to adjust their operations.

(B) It is anticipated that customers that participate in any program would do so only if they benefit from participation in that program, thereby providing less revenues to the Company. Some customers could benefit even if they were not allowed to choose the amount of load subject to real-time pricing. Allowing customers to choose the amount of load subject to real-time pricing may encourage more customers to participate.

(C) No. The Company does not believe that allowing participants to choose the amount of load they are willing to have subject to real-time pricing will result in non-participants subsidizing program participants. Non-participating customers will continue to pay the standard tariff rates established in the Company's last base rate case.

WITNESS: Larry C Foust

KPSC Case No. 2007-00166
Attorney General's First Set of Data Request
Dated May 18, 2007
Item No. 3
Page 1 of 29

Kentucky Power Company

REQUEST

Please list any other electric utilities real-time pricing programs and pilots, which the company reviewed, and for the programs listed, provide:

- A. A summary of each program or pilot, which should include the design of same and if implemented, the overall financial affect on the customers;
- B. The information which the company reviewed from each other program or pilot in making the decision to propose this pilot;
- C. The determinants or decision making reasons for determining this pilot to be appropriate; and
- D. The modeling or analyses conducted in reaching the decision.

RESPONSE

(A & B) The Company reviewed 4 programs; one from Public Service Company of Oklahoma in Oklahoma, one from FirstEnergy in Ohio and two from Duke Energy in Kentucky. Below are the website addresses containing descriptions of the programs.

https://www.psoklahoma.com/global/utilities/tariffs/Oklahoma/RTP_05_31_2005.pdf

<http://dis.puc.state.oh.us/TiffToPdf/VRIPMLK3SBLS74YH.pdf>

<http://www.duke-energy.com/pdfs/DE-KY-Rate-RTP-M.pdf>

<http://www.duke-energy.com/pdfs/DE-KY-ratertp.pdf>

KPSC Case No. 2007-00166
Attorney General's First Set of Data Request
Order Dated May 18, 2007
Item No. 3
Page 2 of 29

(C) The two main factors which shaped the design of the Company's program were the fact that market-based energy prices were much higher than Kentucky's tariff energy prices and the determination of customer baselines used in many programs is subject to manipulation. A review of the AEP zone locational marginal prices (LMP) for 2006 revealed that for over 90% of the hours the LMP prices were higher than the energy rates for Kentucky Power's QP and CIP-TOD tariffs. Also through experience with Public Service Company of Oklahoma's program and participation in PJM working group meetings, determination of customer baselines is subject to much discussion and manipulation. The Company's proposal therefore does not utilize customer baselines and only uses real time LMPs for customer designated usage.

(D) Attached is a file that analyzes the LMP's for 2006.

WITNESS: Larry C Foust