

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY POWER COMPANY FOR)	
AN ORDER APPROVING ACCOUNTING PRACTICES TO)	CASE NO.
ESTABLISH REGULATORY ASSETS AND LIABILITIES)	2012-00445
RELATED TO THE EXTRAORDINARY EXPENSES)	
INCURRED BY KENTUCKY POWER COMPANY IN)	
CONNECTION WITH FOUR 2012 MAJOR STORM EVENTS)	

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

Kentucky Power Company ("Kentucky Power"), pursuant to 807 KAR 5:001, is to file with the Commission the original and eight copies of the following information, with a copy to all parties of record. The information requested herein is due no later than 10 days from the date of this request. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Kentucky Power shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though

correct when made, is now incorrect in any material respect. For any request to which Kentucky Power fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

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

1. Refer to paragraph 1 of the application. Provide the approximate number of customers by overhead and underground service.

2. Refer to paragraph 4 of the application. Provide the number of overhead service drops for the last three calendar years, along with the underground services.

3. Refer to paragraph 4 of the application, which provides that out of 9,999 miles of distribution lines owned by Kentucky Power, only 171 miles are below ground. Explain why Kentucky Power has such a low percentage of its distribution lines underground.

4. Refer to paragraphs 6 and 7 of the application, which reference the "2012 'Major Event Day' Storms."

a. Provide the T_{med} threshold value for the reporting period at issue. Include in this response the calculations to arrive at that value.

b. Provide the System Average Interruption Duration Index for each of the days impacted by "the February 19, 2012 Snow Storm (February 19, 2012 – February 23, 2012), the March 2, 2012 Tornadoes and Windstorms (March 2, 2012 –

March 7, 2012), the June 'Derecho' and July 1, 2012 Storms (June 29, 2012 – July 4, 2012), and the July 5, 2012 Thunderstorms (July 5, 2012 – July 8, 2012).”

c. Is Kentucky Power aware of any other utilities that use this classification to determine the Major Event Day?

5. Refer to paragraph 40 of the application.

a. There is no deduction from Total Deferral Requested for any property and casualty insurance proceeds. Does Kentucky Power maintain property and casualty insurance on its distribution and transmission systems for storm damage?

If yes, provide the following:

(1) Amount of proceeds it can expect to receive for the storm damage;

(2). Amount of Kentucky Power's deductible related to its property and casualty insurance; and

(3) The annual cost of Kentucky Power's property and casualty insurance for 2012.

b. If no, explain why Kentucky Power does not carry property and casualty insurance and provide the most recent quotes for such insurance.

6. Refer to paragraph 47 of the application. During Kentucky Power's fiscal year ending December 31, 2011, what was the date the last adjustment was made to the December 31, 2011 financial results?

7. Refer to page 17, paragraph 1, of the application.

a. When does Kentucky Power anticipate that all actual expenses related to the four major 2012 storms will be recorded in Kentucky Power's books?

b. Provide updates to the schedules included in paragraphs 14, 24, 31, 36, 38 and 40 for any estimated expenses included in those schedules for which the actual amounts have been recorded since the application was filed.

8. Refer to Exhibit 2, page 1, of the application.

a. Provide a description of the type of costs included in the Other Cost Category on the lines titled "Lump Sum Pmts," "Employee Expenses," and "Misc."

b. Provide a description of the type of costs included in the Materials & Supplies Category on the line titled "Other."

9. Refer to Exhibit 2, page 2, of the application. Provide an explanation as to why D. H. Elliott's amount in column C titled "Expense" is different from the amount in the second column C also titled "Expense."

10. Refer to Exhibit 2, page 2, of the application.

a. Does Kentucky Power normally have any Asplundh employees working on its electrical facilities and reflected in its 2012 budget outside of any storm restoration activities?

b. Provide an explanation as to why Asplundh's amount in the first column C titled "Expense" is the same amount as the amount in the second column C also titled "Expense".

11. Is the methodology used by Kentucky Power in calculating the deferral request of \$12,808,101 in the current proceeding the same methodology used in Case No. 2009-00352,¹ in which the Commission approved a \$10,306,227 regulatory asset?

¹ Case No. 2009-00352, Application of Kentucky Power Company for an Order Approving Accounting Practices to Establish Regulatory Assets and Liabilities Related to the Extraordinary Expenses Incurred by Kentucky Power Company in Connection with Three Major Event Storms in 2009. (Ky PSC Dec. 22, 2009).

12. Provide the 2012 year-to-date storm-related costs Kentucky Power has incurred for all other storm events aside from the four major storm events in this proceeding.

13. Does Kentucky Power perform a post-restoration review of its storm restoration processes or activities?

a. If yes, provide Kentucky Power's findings of their review of the storm restoration processes or activities, along with the Company's recommended improvements to be made to future storm restoration efforts.

b. If no, provide a complete and full explanation of why a review is not performed.

14. Provide the following information as it relates to Kentucky Power's 2012 and 2013 Distribution Vegetation Management Plan filed with the Commission on September 27, 2011 and 2012;

a. Page 2 of the reports states, "A complete inventory of all trees along distribution Rights-of-Way will not be made at this time."

(1) When does Kentucky Power anticipate completing the tree inventory?

(2) Explain Kentucky Power's decision to not conduct a tree inventory at this time.

b. Page 2 of the reports also states, "Kentucky Power will use reasonable and prudent efforts to adhere to and carry out this Work Plan." Discuss the Company's success in adhering to and carrying out both the 2011 and 2012 Work Plans.

15. Refer to the 2012 Distribution Vegetation Management Plan filed September 27, 2011.

a. Refer to the table included in Exhibit 1. Provide the same table for calendar year 2011 showing both the planned and actual amounts for each district.

b. Refer to Exhibit 2, page 1. Provide a schedule for calendar year 2012 with three additional columns inserted with the following information:

(1) Actual amount of O&M incurred for each circuit completed;

(2) Actual amount of Forestry Capital Associated with reclearing for each circuit completed; and

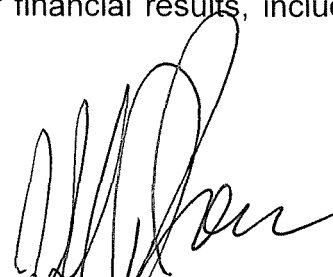
(3) The date or anticipated date the work on each circuit was or is anticipated to be completed.

c. Provide a schedule for calendar year 2011 in the same format as requested in 15.b.

d. Explain why the O&M expenditures are higher for the Pikeville District than the Hazard District, which has more planned miles to be recleared or sprayed than the Pikeville District.

16. Identify any recommendations from the Kentucky Public Service Commission Report on the September 2008 Wind Storm and the January 2009 Ice Storm that Kentucky Power has adopted. Discuss the impact that adoption of these recommendations had in minimizing damage or the length of outages experienced by Kentucky Power customers from the storms identified in this proceeding.

17. Provide information on the effect a decision not to defer the 2012 storm expense would have on Kentucky Power's current year financial results, including the return on equity.



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Public Service Commission
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DATED: OCT 26 2012

cc: Parties of Record

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