COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

APR 23 2013

PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF KENTUCKY POWER COMPANY FOR (1) A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING THE TRANSFER TO THE COMPANY OF AN UNDIVIDED FIFTY PERCENT INTEREST IN THE MITCHELL GENERATING STATION AND ASSOCIATED ASSETS; (2) APPROVAL OF THE ASSUMPTION BY KENTUCKY POWER COMPANY OF CERTAIN LIABILITIES IN CONNECTION WITH THE TRANSFER OF THE MITCHELL GENERATING STATION; (3) DECLARATORY RULINGS; (4) DEFERRAL OF COSTS INCURRED IN CONNECTION WITH THE COMPANY'S EFFORTS TO MEET FEDERAL CLEAN AIR ACT AND RELATED REQUIREMENTS; AND (5) ALL OTHER REQUIRED APPROVALS AND RELIEF

Case No. 2012-00578

KIUC'S RESPONSES TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION

1. Refer to page 5, lines 8-12 of the Direct Testimony of Lane Kollen ("Kollen Testimony,") which states, "The KIUC proposal to acquire 20% of the Mitchell units, combined with a Big Sandy 1 conversion to natural gas, promotes fuel diversity. The KIUC proposal also increases jobs and local property taxes in Kentucky, as well as reducing the property taxes and B&O taxes paid to the state of West Virginia." Provide the following:

   a. The amount of capacity in MWs that is assumed to be available from a conversion of Big Sandy 1 to natural gas.

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b. A description of the number of full-time jobs that will be available at Big Sandy Unit 1 once it is converted to natural gas.

c. A description of the property tax rate that will be applicable to Big Sandy Unit 1 once it has been converted to natural gas, and an estimate of Kentucky Power Company's ("Kentucky Power") annual property tax expense payable once Big Sandy Unit 1 has been converted to natural gas.

d. A description of the West Virginia property tax rate and the B&O tax rates applicable to the Mitchell Station, and an estimate of Kentucky Power's annual West Virginia property tax expense and annual B&O taxes associated with a 50 percent ownership of the Mitchell Station.

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e. An explanation of how the retirement of Big Sandy 2 and the repowering of Big Sandy 1 to natural gas firing will result in both increased jobs and increased local property taxes in Kentucky.

RESPONSE:

a. According to the Company's Strategist modeling, Big Sandy 1 would operate as a 260 MW unit once it is converted to gas.

b. Mr. Kollen did not identify the number of full-time jobs at Big Sandy 1 once it is converted to natural gas. He stated only that the Big Sandy 1 conversion would result in jobs in Kentucky compared to alternatives that did not involve capacity sited in Kentucky.

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c. KIUC did not perform an analysis of the on-going annual property taxes that would be paid once Big Sandy 1 converts to gas. With respect to information concerning Big Sandy's property tax rate, the Company provided a levelized fixed charge rate with the property tax embedded within that rate. See Kentucky Power's Response to KIUC 1-33. In particular refer to the file: BS 1 Gas Conversion STRAT INPUT DATA2.xls, tab = Rates.

d. KIUC did not perform an analysis of the annual property taxes that would be paid once Mitchell is acquired. With respect to information concerning Mitchell's property tax rate, the Company provided a levelized fixed charge rate with the property tax embedded within that rate. See Kentucky Power's Response to KIUC 1-33. In particular

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refer to the file: ML12 Transfer STRAT INPUT DATA4.xls, tab = KPCO + APCO Rates.

e. Mr. Kollen assumed that Big Sandy 2 would be retired, as did Kentucky Power Company. Thus, the retirement of Big Sandy 2 will not result in increased jobs or increased local property taxes in Kentucky. However, the repowering of Big Sandy 1 to burn natural gas in lieu of retirement or in lieu of alternatives that do not involve capacity sited in Kentucky will result in increased jobs and increased local property taxes in Kentucky.

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2. Refer to page 5, lines 14-17 of the Kollen Testimony, which states, "The Company's plan unnecessarily exposes customers to increasingly stringent environmental requirements imposed by the U.S. EPA and the resulting costs and/or premature retirement and replacement of coal-fired capacity." State whether Mr. Kollen believes that future reliance on natural gas-fired capacity could similarly expose customers to increasingly stringent environmental requirements and the resulting costs and/or premature retirement and replacement of natural gas-fired capacity.

RESPONSE:

Mr. Kollen does not believe that there is no environmental risk exposure from gas-fired capacity, but he believes that the exposure is substantially less than that for coal-fired capacity,

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the primary target of the U.S. EPA and environmental advocacy groups for many years.

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3. Refer to Kollen Testimony, page 5, lines 20-27, which states, "The Company's proposal to acquire 50% of the Mitchell capacity, and to acquire it before Big Sandy 2 is retired, unnecessarily exposes customers to merchant generator risk, with vast quantities of energy sold into an extremely depressed PJM market. The Company proposal will result in a reserve margin of more than 100% in July 2014 and more than 140% in other non-peak months before Big Sandy 2 is retired. The KIUC recommendation to acquire 20% of the Mitchell Station and to delay the acquisition until June 1, 2015 lessens this risk exposure."

a. Under Kentucky Power's proposal to acquire 50 percent of the Mitchell Station, provide Kentucky Power's reserve margin during its peak month.

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b. If Kentucky Power acquires 20 percent of the Mitchell Station and retires Big Sandy 2 by January 1, 2014, state with explanation whether the merchant generator risk would also be lessened, and whether it would be cost effective to do so.

c. Refer to Kentucky Power's response to Commission Staffs Third Information Request, Item No. 13, in Case No. 2011-00401.[1] State whether KIUC agrees that both of the units at the Mitchell Station are dispatched before both of the units at the Big Sandy Station, and that this means that the units at the Mitchell Station have lower variable costs than the units at the Big Sandy Station. If the response is no, explain.

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

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d. Refer to Kentucky Power's response to Staff's Second Request for Information, Item No. 4, which states that the Mitchell Unit 1's fuel cost is approximately 11 to 12 percent less than the fuel cost for Big Sandy Unit 2. State whether this lower fuel cost supports the position that the variable costs of the units at the Mitchell Station are lower than the variable cost of the units at the Big Sandy Station.

RESPONSE:

a. Please see the attached file, which used the Company's response to KIUC 2-26 as the starting point, but removed the PJM reserve requirements. The Company's response to KIUC 2-26 provided the reserves in excess of the PJM reserve requirements, and thus, understates the reserve margins in all months. The Company's response to KIUC 2-26

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indicates that February is the peak month in 2014 and in 2015. The reserve margin for February 2014 is 53.8% and for February 2015 is 58.0%.

b. The merchant generator risk would be lessened. KIUC did not analyze the scenario where Kentucky Power Company acquires 20% of Mitchell and retires Big Sandy 2 on January 1, 2014, so Mr. Kollen cannot state with reasonable certainty whether that would be a cost effective option.

c. KIUC agrees.

d. Lower fuel costs at the Mitchell Station supports the position that the variable costs of the Mitchell units are lower than the variable cost of the Big Sandy units.

Kentucky Power Company

Forecasted Demand, Capacity, and Reserve Margin at the time of the Monthly Peak (in MW)

	Forecasted Demand (a)						Forecasted Capacity (b)				Forecasted Reserve Margin (c)			
Month-Year	Total Peak Demand before DSM	Wholesale Peak Demand	Passive DSM	Retail Peak Demand	Retail Interruptible Load	Retail Firm Load	Existing Capacity	Net Capacity Sales	Annual Purchases	Net Existing Capacity	Retail Peak Demand Reserve Margin (MW)	Retail Peak Demand Reserve Margin (%)	Retail Firm Load Reserve Margin (MW)	Retail Firm Load Reserve Margin (%)
	a	b	c	d=a-b-c	e	f=d-e	g	h	i	j=g-h+i	k=j-(d*100%)	l=k/(d*100%)	m=j-(f*100%)	n=m/(f*100%)
Jan-14	1,403	21	8	1,373	11	1,362	2,251	54	0	2,197	824	60.0%	835	61.3%
Feb-14	1,471	22	8	1,440	11	1,429	2,251	54	0	2,197	757	52.6%	768	53.8%
Mar-14	1,181	18	7	1,156	11	1,145	2,251	54	0	2,197	1,042	90.1%	1,053	92.0%
Apr-14	1,019	15	6	998	11	987	2,251	54	0	2,197	1,200	120.3%	1,211	122.7%
May-14	940	14	5	920	11	909	2,251	54	0	2,197	1,277	138.8%	1,288	141.7%
Jun-14	1,062	16	6	1,040	11	1,029	**2,250**	0	0	2,250	1,210	116.3%	1,221	118.6%
Jul-14	1,105	18	6	1,082	11	1,071	**2,250**	0	0	2,250	1,168	108.0%	1,179	110.1%
Aug-14	1,188	20	6	1,162	11	1,151	**2,250**	0	0	2,250	1,088	93.6%	1,099	95.5%
Sep-14	982	15	5	961	11	950	2,251	0	0	2,251	1,290	134.2%	1,301	136.9%
Oct-14	934	14	5	915	11	904	2,251	0	0	2,251	1,336	145.9%	1,347	148.9%
Nov-14	1,105	16	7	1,082	11	1,071	2,251	0	0	2,251	1,169	108.1%	1,180	110.2%
Dec-14	1,255	19	8	1,228	11	1,217	2,251	0	0	2,251	1,023	83.3%	1,034	85.0%
Jan-15	1,407	22	10	1,375	18	1,357	2,251	0	0	2,251	876	63.7%	894	65.8%
Feb-15	1,475	22	10	1,442	18	1,424	2,251	0	0	2,251	809	56.1%	827	58.0%
Mar-15	1,185	18	9	1,158	18	1,140	2,251	0	0	2,251	1,093	94.4%	1,111	97.4%
Apr-15	1,022	15	7	1,000	18	982	2,251	0	0	2,251	1,251	125.2%	1,269	129.3%
May-15	942	14	6	921	18	903	2,251	0	0	2,251	1,330	144.3%	1,348	149.2%
Jun-15	1,067	16	7	1,044	18	1,026	**1,172**	0	250	1,422	378	36.2%	396	38.6%
Jul-15	1,111	18	7	1,086	18	1,068	**1,172**	0	250	1,422	336	30.9%	354	33.1%
Aug-15	1,195	20	8	1,168	18	1,150	**1,172**	0	250	1,422	255	21.8%	273	23.7%
Sep-15	987	15	7	965	18	947	1,173	0	250	1,423	458	47.4%	476	50.2%
Oct-15	937	14	6	917	18	899	1,173	0	250	1,423	506	55.1%	524	58.2%
Nov-15	1,108	17	8	1,084	18	1,066	1,173	0	250	1,423	339	31.3%	357	33.5%
Dec-15	1,258	19	10	1,229	18	1,211	1,173	0	250	1,423	194	15.8%	212	17.5%

(a) The values shown here represents AEP's own internal monthly demand forecast for KPCo diversified to PJM based on an estimated summer diversity factor.
The load forecast shown in Exhibit SCW-1, Table 1-3 for the years 2012/13 to 2015/16 are predicated upon PJM's own internal estimates of such coincident summer peak values.

(b) Rockport 1 experiences a 5 MW derate for the months of June - August for which KPCo's 15% share of that derate is approximately 1 MW.

(c) For the purposes of approximating a monthly KPCo reserve margin, the demand forecast was not increased by PJM's 15.4% Installed Reserve Margin requirement.

Kentucky Power Company

Forecasted Demand, Capacity, and Reserve Margin at the time of the Monthly Peak (in MW)

	Forecasted Demand (a)						Forecasted Capacity (b)				Forecasted Reserve Margin (c)			
Month-Year	Total Peak Demand before DSM	Wholesale Peak Demand	Passive DSM	Retail Peak Demand	Retail Interruptible Load	Retail Firm Load	Existing Capacity	Net Capacity Sales	Annual Purchases	Net Existing Capacity	Retail Peak Demand Reserve Margin (MW)	Retail Peak Demand Reserve Margin (%)	Retail Firm Load Reserve Margin (MW)	Retail Firm Load Reserve Margin (%)
	a	b	c	d=a-b-c	e	f=d-e	g	h	i	j=g-h+i	k=j-(d*115.4%)	l=k/(d*115.4%)	m=j-(f*115.4%)	n=m/(f*115.4%)
Jan-14	1,403	21	8	1,373	11	1,362	2,251	54	0	2,197	613	38.7%	626	39.8%
Feb-14	1,471	22	8	1,440	11	1,429	2,251	54	0	2,197	535	32.2%	548	33.2%
Mar-14	1,181	18	7	1,156	11	1,145	2,251	54	0	2,197	864	64.8%	876	66.4%
Apr-14	1,019	15	6	998	11	987	2,251	54	0	2,197	1,046	90.9%	1,059	93.0%
May-14	940	14	5	920	11	909	2,251	54	0	2,197	1,135	106.9%	1,148	109.4%
Jun-14	1,062	16	6	1,040	11	1,029	**2,250**	0	0	2,250	1,050	87.5%	1,063	89.5%
Jul-14	1,105	18	6	1,082	11	1,071	**2,250**	0	0	2,250	1,002	80.2%	1,014	82.1%
Aug-14	1,188	20	6	1,162	11	1,151	**2,250**	0	0	2,250	909	67.8%	922	69.4%
Sep-14	982	15	5	961	11	950	2,251	0	0	2,251	1,142	103.0%	1,155	105.3%
Oct-14	934	14	5	915	11	904	2,251	0	0	2,251	1,195	113.1%	1,207	115.7%
Nov-14	1,105	16	7	1,082	11	1,071	2,251	0	0	2,251	1,002	80.3%	1,015	82.1%
Dec-14	1,255	19	8	1,228	11	1,217	2,251	0	0	2,251	834	58.8%	847	60.3%
Jan-15	1,407	22	10	1,375	18	1,357	2,251	0	0	2,251	664	41.8%	685	43.7%
Feb-15	1,475	22	10	1,442	18	1,424	2,251	0	0	2,251	586	35.2%	607	36.9%
Mar-15	1,185	18	9	1,158	18	1,140	2,251	0	0	2,251	914	68.4%	935	71.1%
Apr-15	1,022	15	7	1,000	18	982	2,251	0	0	2,251	1,097	95.1%	1,118	98.7%
May-15	942	14	6	921	18	903	2,251	0	0	2,251	1,188	111.7%	1,209	115.9%
Jun-15	1,067	16	7	1,044	18	1,026	**1,172**	0	250	1,422	217	18.0%	238	20.1%
Jul-15	1,111	18	7	1,086	18	1,068	**1,172**	0	250	1,422	169	13.4%	189	15.4%
Aug-15	1,195	20	8	1,168	18	1,150	**1,172**	0	250	1,422	75	5.6%	96	7.2%
Sep-15	987	15	7	965	18	947	1,173	0	250	1,423	309	27.7%	330	30.1%
Oct-15	937	14	6	917	18	899	1,173	0	250	1,423	364	34.4%	385	37.1%
Nov-15	1,108	17	8	1,084	18	1,066	1,173	0	250	1,423	172	13.8%	193	15.7%
Dec-15	1,258	19	10	1,229	18	1,211	1,173	0	250	1,423	4	0.3%	25	1.8%

(a) The values shown here represents AEP's own internal monthly demand forecast for KPCo diversified to PJM based on an estimated summer diversity factor.
The load forecast shown in Exhibit SCW-1, Table 1-3 for the years 2012/13 to 2015/16 are predicated upon PJM's own internal estimates of such coincident summer peak values.

(b) Rockport 1 experiences a 5 MW derate for the months of June - August for which KPCo's 15% share of that derate is approximately 1 MW.

(c) For the purposes of approximating a monthly KPCo reserve margin, the demand forecast was increased by PJM's 15.4% Installed Reserve Margin requirement.

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4. Refer to page 6, lines 17-22, of the Kollen Testimony which state:

> The Company's Strategist modeling assumes that all OSS margins are flowed through to customers. KIUC accepts and agrees with this assumption; however, this assumption is inconsistent with the present configuration of the System Sales Clause ("SSC") component of the Company's Fuel Adjustment Clause ("FAC") mechanism, which allows the Company to retain 40% of the OSS margins above the amount included in base rates. If the Company is authorized to acquire the Mitchell units, whether 20% or 50%, then the Commission should revisit the SSC sharing. Acquiring 50% Mitchell 17 months before Big Sandy 2 retires will create vast quantities of energy for sales into PJM Market. If customers will be responsible for all of the Mitchell fixed costs through base rates and the ECR, then the entirety of the related OSS margins should be flowed through to customers, not only 60% of those margins.

a. State whether it is KIUC's position that Kentucky Power's retail customers receive only 60 percent of the benefit relating to off system sales ("OSS") margin

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b. State with explanation whether there is a certain level of OSS margins currently included in Kentucky Power's base rates, and whether customers receive 100 percent of the benefits relating to that level of OSS margins.

c. If Kentucky Power acquires some percentage of interest in the Mitchell Station, state whether KIUC recommends that the level of OSS margins included in Kentucky Power's base rates be adjusted to reflect the potential for additional capacity and energy sales.

RESPONSE:

a. Yes, the SSC flows through 60% of the OSS margins above or below the fixed amount $15.290 million presently included in base rates.

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b. Yes. Please see response to part (a) of this Item.

c. Yes. That would accomplish, at least in part, the flow-through to customers of 100% of the benefits related to the additional OSS margins, and would offset, in part, the increased fixed costs that also would be included in base rates.

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5. Refer to page 8, lines 19 through 23 of the Kollen Testimony. Provide the details concerning the PJM reserve margin forecasts that support KIUC's 20 percent Mitchell transfer recommendation.

RESPONSE:

Please refer to the response to Item 3(a) and the file provided in that response.

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6. Refer to page 22, lines 6 through 8 of the Kollen Testimony. Provide support for the statement, "Ohio Power Company will continue to receive a form of cost- based recovery for the Mitchell units through May 31, 2015.

RESPONSE:

Please refer to the PUCO Orders in Case Nos. 10-2929 and 11-346, which are available on the PUCO website. In addition, please refer to the testimony of AEP Ohio Power Company witnesses Kelly D. Pierce in Case No. 10-2929 and Phillip J. Nelson in Case No. 11-346 wherein they start with that company's steam plant in service from the FERC Form 1. These testimonies are also available on the PUCO website. The steam plant in service amounts include the Mitchell units. In Case No. 10-2929, the PUCO determined an appropriate cost-based capacity

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charge and allowed the Company to defer the difference between the revenues based on that capacity charge and RPM. In Case No. 11-346, the PUCO established a cost-based "state compensation mechanism" that provided for further recoveries of the same costs, subject to an earnings cap under the Significantly Excessive Earnings Test, and recovery of the capacity charges deferrals and the state compensation mechanism deferrals.

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7. Refer to page 32, lines 20 through 22 of the Kollen Testimony. Under the scenario in which the customers receive 100 percent of the OSS margins, state with explanation whether Kentucky Power would be provided sufficient incentive to aggressively pursue the sales.

RESPONSE:

AEP Service Corp. markets the capacity and energy for all the AEP utilities and maximizes its System-wide OSS margins regardless of the utility that owns the capacity; Kentucky Power Company does not market its own capacity. Thus, an incentive to Kentucky Power Company would not incentivize it to aggressively pursue OSS sales any more than AEP's present and ongoing efforts to pursue such sales.

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8. Section H of the Kollen Testimony indicates that Kentucky Power's fixed Operations and Maintenance assumptions in Strategist are understated compared with Kentucky Power's rate-impact analysis. State whether Mr. Kollen or any of his associates ran any models or prepared any estimates as to whether the changes identified would alter Kentucky Power's conclusions in any significant way, i.e. the acquisition of 50 percent of Mitchell using both the Kentucky Power resource plan assumptions and the impairment analysis assumptions.

RESPONSE:

Neither Mr. Kollen nor Mr. Hayet ran any models or prepared any estimates of the impacts of the revised O&M assumptions.

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9. Refer to page 11, line 5 of the Direct Testimony of Philip Hayet ("Hayet Testimony"). Provide the source of the $758 per kW figure. If this is a calculated amount, provide all supporting calculations.

RESPONSE:

See Table 3 in KPCO Witness Weaver's testimony at page 22. The $758//kW figure is found on lines 36 and 37.

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10. Refer to page 12, lines 13-15 of the Hayet Testimony, which state that "KIUC's analyses" investigated options in which 20 percent of the Mitchell Plant would be acquired.

a. Explain why options involving 20 percent purchase of the Mitchell Plant were analyzed.

b. State whether other percentage ownership options were analyzed, and if not, explain why not.

c. If other percentages were analyzed, provide the results of those analyses.

RESPONSE:

a. 20% was selected based on an offer that AEP had previously made to Kentucky Power. Furthermore, the 50% acquisition of Mitchell amounts to 770 MW, and a 20%

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acquisition amounts to 308 MW of additional coal capacity, which will result in lower risk exposure to KPCO customers, particularly given the uncertainty that currently exists with regard to coal environmental regulations, both with respect to the operation of coal units, and with respect to the operation of coal mines.

b. Only 20% was analyzed.

c. Not applicable.

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11. Refer to page 17, lines 10-12 of the Hayet Testimony, which state that the 2013 EIA forecast served as a basis for the commodity gas price forecast used in the KIUC analysis. Provide the commodity gas price forecast that was actually used in the forecast, including a detailed explanation of how the forecasted values were derived.

RESPONSE:

See responses to KPCO 1-16, 1-18, 1-19, and 1-20.

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12. Refer to page 21, lines 7-9 of the Hayet Testimony.

a. Describe the sensitivity analyses performed and specify the alternative market capacity prices used for the analyses.

b. Provide a comparison of the market capacity prices used in the KIUC analysis relative to the market capacity prices used in Kentucky Power's analysis.

RESPONSE:

a. Mr. Hayet performed a sensitivity analysis using assumptions that the Company relied on in a recent impairment analysis that AEP conducted of the Mitchell units. Section G, beginning at page 23 of Mr. Kollen's testimony, provides details regarding the

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Company's impairment analysis. Mr. Hayet used data that the Company supplied in response to KIUC 2-55.

b. See the comparison included in: KY PSC Staff 1-12b.xlsx.

	KPCO ICAP Value $/MW-Wk	Impairment ICAP ICAP Value $/MW-Wk
2011	1,692	1,692
2012	1,122	1,122
2013	161	122
2014	595	497
2015	1,507	769
2016	1,973	758
2017	1,652	918
2018	1,403	942
2019	1,572	846
2020	1,774	988
2021	1,960	1,007
2022	2,129	908
2023	2,280	1,057
2024	2,412	1,081
2025	2,524	975
2026	2,615	1,109
2027	2,685	1,020
2028	2,731	1,147
2029	2,751	1,143
2030	2,745	1,051
2031	2,765	1,191
2032	2,785	1,191
2033	2,805	1,191
2034	2,825	1,191
2035	2,845	1,191
2036	2,866	1,191
2037	2,887	1,191
2038	2,907	1,191
2039	2,928	1,191
2040	2,949	1,191

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13. Refer to page 23, lines 18-19 of the Hayet Testimony.

a. For purposes of the KIUC analysis described, specify the coal that KIUC assumed would be burned at the Mitchell Plant.

b. Provide the updated coal forecasts used in the KIUC analysis.

c. Describe the calculation used to update the coal price forecasts.

RESPONSE:

a. For purposes of the analysis described on page 23, Mr. Hayet derived an updated coal price forecast for the Mitchell units based on the assumption that Mitchell uses NAPP coal. This is a conservative assumption as NAPP coal is lower cost than CAPP coal.

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b. See the response to KPCO 1-18 and the file: KPCO 1-18 attachment c - EIA used for revised coal forecast.xlsx.

This workpaper contains the development of the updated coal price forecast.

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14. Refer to page 27 of the Hayet Testimony. Table 3 contains a comparison of the analysis performed using the Kentucky Power impairment analysis assumptions for the proposed 50 percent purchase of the Mitchell Plant and the KIUC's proposed 20 percent. State whether any analysis was performed comparing both plans at 50 percent and both plans at 20 percent. If so, provide the analyses.

RESPONSE:

These analyses were not performed.

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15. Refer to page 28, lines 12-15 of the Hayet Testimony. Provide the work papers that support the approximately $60 million in savings estimated in the testimony.

RESPONSE:

See the response to KPCO 1-26.

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16. Refer to page 29, lines 7-9 of the Hayet Testimony. Provide support for the approximately $27 million in savings resulting from the delay in the Mitchell purchase to June 2015.

RESPONSE:

See the response to KPCO 1-27.