

RECEIVED

SEP 13 2013

**PUBLIC SERVICE
COMMISSION**

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September 13, 2013

HAND DELIVERED

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

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

RE: Case No. 2013-00144

Dear Mr. Derouen:

Enclosed please find and accept for filing the original and ten copies of the Company's Hearing Data Request responses

A copy of the responses is being served by overnight delivery on counsel for the parties by copy of this letter.

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

Very truly yours,



Mark R. Overstreet

MRO

cc: Michael L. Kurtz
Jennifer B. Hans

RECEIVED

SEP 13 2013

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF KENTUCKY POWER COMPANY FOR)
APPROVAL OF THE TERMS AND CONDITIONS OF THE)
RENEWABLE ENERGY PURCHASE AGREEMENT FOR)
BIOMASS ENERGY RESOURCES BETWEEN THE)
COMPANY AND ECOPOWER GENERATION-HAZARD)
LLC; AUTHORIZATION TO ENTER INTO THE)
AGREEMENT; GRANT OF CERTAIN DECLARATORY)
RELIEF; AND GRANT OF ALL OTHER REQUIRED)
APPROVALS AND RELIEF)

Case No. 2013-00144

KENTUCKY POWER COMPANY RESPONSES TO
COMMISSION STAFF'S AUGUST 28-29, 2013 POST HEARING DATA REQUESTS

September 13, 2013

VERIFICATION

The undersigned, Ranie K. Wohnhas, being duly sworn, deposes and says he is the Managing Director Regulatory and Finance for Kentucky Power, that he has personal knowledge of the matters set forth in the forgoing responses for which he is the identified witness and that the information contained therein is true and correct to the best of his information, knowledge, and belief

Ranie K. Wohnhas

Ranie K. Wohnhas

COMMONWEALTH OF KENTUCKY)
) Case No. 2013-00144
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Ranie K. Wohnhas, this the 12th day of September 2013.

Judy K. Requist 481393

Notary Public

My Commission Expires: January 23, 2017



Kentucky Power Company

REQUEST

Please refer to Tariff B.E.R. Please provide a revised Tariff B.E.R. reflecting the "true-up" of any over-recovery or under-recovery under the tariff.

RESPONSE

Please see KPSC PH-1 Attachment 1 to this response.

WITNESS: Ranie K. Wohnhas

KENTUCKY POWER COMPANY

P.S.C. KY. NO. 10 ORIGINAL SHEET NO. 23-1
CANCELLING P.S.C. KY. NO. 10 _____ SHEET NO. 23-1

TARIFF B.E.R.
(Biomass Energy Rider)

APPLICABLE.

To Tariffs R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D.2, S.G.S., Experimental S.G.S.-T.O.D., M.G.S., M.G.S.-T.O.D., L.G.S.,L.G.S.T.O.D., Q.P., C.I.P.-T.O.D., C.S.-I.R.P., M.W., O.L. and S.L.

RATE.

1. When energy is generated and sold to the Company from the ecopower biomass facility, an additional charge equal to the product of the kWh of sales and a biomass adjustment factor (A) shall be made, where, "A", calculated to the nearest 0.0001 mil per kilowatt=hour, is defined as set forth below.

$$\text{Biomass Adjustment Factor (A)} = (R * P_m) / S_m$$

In the above formulas "R" is the rate for the current calendar year approved by this commission in the REPA between ecopower and Kentucky Power Company, "P" is the amount of Kwh purchased by Kentucky Power in the current (m) period, and "S" is the kWh sales in the current (m) period, all defined below.

2. Rate ® shall be the dollar per MWh as defined in the REPA between ecopower and Kentucky Power Company, including any applicable escalation factor as defined in the REPA.
3. Produced energy (P) shall be the MWh produced and sold to Kentucky Power Company.
4. Sales (S) shall be all KWh sold, excluding intersystem sales. Utility used energy shall not be excluded in the determination of sales (S).
5. Any over/under recovery will be reflected in the monthly filing for the second billing month following the month the cost is incurred.
6. The monthly bio mass energy rider shall be filed with the Commission ten (10) days before it is scheduled to go into effect, along with all the necessary supporting data to justify the amount of the adjustment, which shall include data, and information as may be required by the Commission.
7. Copies of all documents required to be filed with the Commission shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS61.870 to 61.884.

DATE OF ISSUE XXXXXXXXXX

DATE EFFECTIVE SERVICE RENDERED ON OR AFTER XXXXXX

ISSUED BY _____

TITLE : MANAGER REGULATORY SERVICES

BY AUTHORITY OF ORDER BY THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2013-XXXX DATED



Kentucky Power Company

REQUEST

Please provide the sample monthly filings the Company anticipates making in connection with Tariff B.E.R. if it is approved.

RESPONSE

Please see KPSC PH-2 Attachment 1 to this response.

WITNESS: Ranie K Wohnhas

KENTUCKY POWER COMPANY

B.E.R. SCHEDULE

Month Ended:

B.E.R. Cost Schedule
Sales Sm (Sales Schedule)

_____ (+) _____ (\$/KWH)

Effective Date for Billing

Submitted by:

(Signature)

Title:

Date Submitted:

KENTUCKY POWER COMPANY

B.E.R. COST SCHEDULE

Month Ended:

A. Energy Purchased	(+)	
B. Total Company Over or (Under) Recovery from Page 4	(+)	_____
C. Grand Total B.E.R. Cost (A + B)	=	_____

KENTUCKY POWER COMPANY

SALES SCHEDULE

Month Ended:

		<u>Kilowatt-Hours</u>
A. Generation (Net)	(+)	
Purchases Including Interchange In	(+)	_____
Sub Total		0
B. Pumped Storage Energy	(+)	0
Inter-System Sales Including Interchange Out	(+)	
System Losses	(+)	_____ *
Sub Total		_____ 0
Total Sales (A - B)		===== 0

* Does not include _____ KWH of company usage.

KENTUCKY POWER COMPANY
OVER OR (UNDER) RECOVERY SCHEDULE

Month Ended:

Line No.		
1	BER Rate Billed	(+)
2	Retail KWH Billed at Above Rate	(x) _____
3	BER Revenue (L1 * L2)	_____
4	KWH Used to Determine Last BER Rate Billed	(+)
5	Non-Jurisdictional KWH Included in L4	(-) _____
6	Kentucky Jurisdictional KWH Included in L4 (L4 - L5)	_____
7	Recoverable BER Revenue (L1 * L6)	
8	Over or (Under) Recovery (L3 - L7)	
9	Total Sales (Page 3)	(+)
10	Kentucky Jurisdictional Sales	(/) _____
11	Ratio of Total Sales to KY. Jurisdictional Sales (L9 / L10)	
12	Total Company Over or (Under) Recovery (L8 * L11)	=====



Kentucky Power Company

REQUEST

Please refer to the Company's response to Staff 5-10 in Case No. 2012-578. Please modify the response to add two columns. The first additional column should illustrate the conversion in 2015 of Big Sandy Unit 1 to natural gas and its recovery through rates. The second additional column should illustrate the effect on rates in 2017 of the Commission's approval of the ecoPower REPA assuming the ecoPower facility become operational in 2017. For each column further modify the response to use jurisdictional revenues of \$501,037,000 (from row 6, Exhibit RKW-1, Testimony of Ranie K. Wohnhas, Case No. 2013-00144) for the twelve months ended December 31, 2012, in lieu of the \$511,321,000, for the twelve months ended March 31, 2013 used in the response to Staff 5-10 in Case No. 2012-00578. For each column of the response illustrate both the incremental and cumulative effect on rates.

RESPONSE

Please see KPSC PH-3 Attachment 1 to this response which shows additional columns demonstrating the effect of the conversion of Big Sandy Unit 1 to natural gas and the ecoPower REPA. The spreadsheet is also modified to show the percentage increase using as a starting point jurisdictional revenues for twelve months ended December 31, 2012 of \$501,037,000. The Company has also provided for comparison purposes KPSC PH-3 Attachment 2 which shows the additional columns but show as the starting point jurisdictional revenues for the more recent twelve months ended March 31, 2013 of \$511,321,000 as filed in response to KPSC 5-10 in Case No. 2012-00578.

WITNESS: Ranie K Wohnhas

Kentucky Power Company
 Rate Change Comparison
 (\$000)

Line No.	Description	DFGD Filing (1)	Jan 2014 - Jun 2015	July 2015 forward	Incremental Big Sandy Unit No. 1 Repowered (P) (4)	Rate Impact Incl. Big Sandy Unit No. 1 Repowered (3) + (4) (5)	Incremental ecoPower REPA Effect (6)	Rate Impact Incl. ecoPower REPA Effect (5) + (6) (7)
			Mitchell Transfer Overlap Period (2)	Mitchell Transfer Post BSU2 Retirement (3)				
1	COS Impact	\$ 177,699 A.	\$ 44,000 F.	\$ 81,244 J.	\$ 8,571 Q.	\$ 89,815	\$ 50,561 U.	\$ 140,376
Adjustments:								
2	Big Sandy Fuel Savings	\$ (18,211) B.	N/A	N/A	\$ -	\$ -	\$ -	\$ -
3	Mitchell Fuel Savings	N/A	\$ (16,750) G.	\$ (16,750)	\$ -	\$ (16,750)	\$ -	\$ (16,750)
4	Pool Elimination (4)	\$ (21,304) C.	\$ -	\$ (21,304)	\$ -	\$ (21,304)	\$ -	\$ (21,304)
5	Environmental Pool Adjustment	\$ (7,320) D.	\$ - H.	\$ (7,320)	\$ -	\$ (7,320)	\$ -	\$ (7,320)
6	SS Tariff Adjustment	N/A	\$ - I.	N/A	N/A	N/A	N/A	N/A
7	BS Decommissioning Costs	N/A	N/A	\$ 7,948 K.	\$ -	\$ 7,948	\$ -	\$ 7,948
8	BS Amort. Of Undepr. Balance	N/A	N/A	\$ 21,056 L.	\$ -	\$ 21,056	\$ -	\$ 21,056
9	BSU2 Study Costs	N/A	N/A	\$ 6,598 M.	\$ -	\$ 6,598	\$ -	\$ 6,598
9a	Remaining BS Coal O&M			\$ -	\$ (6,641) R.	\$ (6,641)	\$ -	\$ (6,641)
9b	Year 1 BSU1 Gas O&M			\$ -	\$ 4,684 S.	\$ 4,684	\$ -	\$ 4,684
9c	Gas Pipeline Demand Charge			\$ -	\$ 5,631 T.	\$ 5,631	\$ -	\$ 5,631
9d	Avoided Fuel Cost						\$ (12,780) V.	\$ (12,780)
9e	Avoided Capacity Cost						\$ (2,730) W.	\$ (2,730)
10	Total of Adjustments	\$ (46,835)	\$ (16,750)	\$ (9,772)	\$ 3,674	\$ (6,098)	\$ (15,510)	\$ (21,608)
11	Adjusted COS Impact	\$ 130,864	\$ 27,250	\$ 71,472	\$ 12,245	\$ 83,717	\$ 35,051	\$ 118,768
12	Case 2013-00144 Exhibit RKW-1 (Ln 6)	\$ 501,307 E.	\$ 501,307	\$ 501,307 N.	\$ 501,307	\$ 501,307	\$ 501,307	\$ 501,307
13	Percent Change from Line 12	26.10%	5.44%	14.26% N.		16.70%		23.69%
14	Incremental 2015 Percent Change			8.37% O.				
14a	Incremental 2016 Percent Change				2.14%			
14b	Incremental 2017 Percent Change						5.99%	

Columns (2) and (3) are not additive.

- A. Exhibit LPM-2, Case No. 2011-00141
- B. Staff's Fourth Set of Data Requests in Case No. 2012-00578, Item No. 9, Attachment 1, Page 3 of 3.
Average of two calendar 2013 values.
- C. Section V, Workpaper S-4, Page 4, Case No. 2013-00197
- D. Section V, Workpaper S-4, Page 62, Case No. 2013-00197
- E. Case No. 2013-00144 Exhibit RKW-1 Line 6
- F. Memorandum of Understanding filed in Case No. 2012-00578, Paragraph 4
- G. Memorandum of Understanding filed in Case No. 2012-00578, Paragraph 2
- H. Memorandum of Understanding filed in Case No. 2012-00578, Paragraph 5
- I. Memorandum of Understanding filed in Case No. 2012-00578, Paragraph 7
- J. Includes removal of BSU2 O&M and Depreciation - see Attachment Page 2
- K. \$85.227 M collected over 25 years with carrying costs at WACC (8.08%)
- L. \$225.795 M collected over 25 years with carrying costs at WACC (8.08%)
- M. \$28,113,304 collected over 5 years with interest at long-term debt rate of 6.48%
- N. Revenues would be higher and % increase lower if MOU implemented 1/1/2014
- O. Does not reflect changes in other (Non-Mitchell) costs or revenues, if any, that may be part of future rate case.
- P. To the extent that a gas fired BSU1 is dispatched to meet internal load due to potential lower fuel costs there could be modest fuel savings. The Company has not done an analysis to determine if such benefits exist.
- Q. Total Capital Cost as provided in bid solicitation from BSU1 RFP multiplied times pre tax WACC plus depreciation rate
- R. Remaining BS O&M to be removed from books in Case 2013-00197 after Removal of BSU2 (See Section V, Workpaper S-4, Page 66)
- S. Year 1 BSU1 Gas O&M provided in bid solicitation from BSU1 RFP
- T. Annual Charge to build gas pipeline to BSU1 provided in bid solicitation from BSU1 RFP
- U. See Exhibit 1 Line 1 of the Direct Testimony of Witness Ranie K. Wohnhas
- V. See Exhibit 1 Line 3 of the Direct Testimony of Witness Ranie K. Wohnhas
- W. See Exhibit 1 Line 4 of the Direct Testimony of Witness Ranie K. Wohnhas

Kentucky Power Company
 Rate Change Comparison
 (\$000)

Line No.	Description	DFGD Filing (1)	Jan 2014 - Jun 2015	July 2015 forward	Incremental Big Sandy Unit No. 1 Repowered (P) (4)	Rate Impact Incl. Big Sandy Unit No. 1 Repowered (3) + (4) (5)	Incremental ecoPower REPA Effect (6)	Rate Impact Incl. ecoPower REPA Effect (5) + (6) (7)
			Mitchell Transfer Overlap Period (2)	Mitchell Transfer Post BSU2 Retirement (3)				
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Adjustments:								
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4	Pool Elimination (4)	\$ (21,304) C.	\$ -	\$ (21,304)	\$ -	\$ (21,304)	\$ -	\$ (21,304)
5	Environmental Pool Adjustment	\$ (7,320) D.	\$ - H.	\$ (7,320)	\$ -	\$ (7,320)	\$ -	\$ (7,320)
6	SS Tariff Adjustment	N/A	\$ - I.	N/A	N/A	N/A	N/A	N/A
7	BS Decommissioning Costs	N/A	N/A	\$ 7,948 K.	\$ -	\$ 7,948	\$ -	\$ 7,948
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10	Total of Adjustments	\$ (46,835)	\$ (16,750)	\$ (9,772)	\$ 3,674	\$ (6,098)	\$ (15,510)	\$ (21,608)
11	Adjusted COS Impact	\$ 130,864	\$ 27,250	\$ 71,472	\$ 12,245	\$ 83,717	\$ 35,051	\$ 118,768
12	Case 2013-00197 Juris. Revenues	\$ 511,321 E.	\$ 511,321	\$ 511,321 N.	\$ 511,321	\$ 511,321	\$ 511,321	\$ 511,321
13	Percent Change from Line 12	25.59%	5.33%	13.98% N.		16.37%		23.23%
14	Incremental 2015 Percent Change			8.21% O.				
14a	Incremental 2016 Percent Change				2.10%			
14b	Incremental 2017 Percent Change						5.89%	

Columns (2) and (3) are not additive.

- A. Exhibit LPM-2, Case No. 2011-00141
- B. Staff's Fourth Set of Data Requests in Case No. 2012-00578, Item No. 9, Attachment 1, Page 3 of 3.
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- C. Section V, Workpaper S-4, Page 4, Case No. 2013-00197
- D. Section V, Workpaper S-4, Page 62, Case No. 2013-00197
- E. Section V, Schedule 5 - Jurisdictional Operating Revenues, Case No. 2013-00197
- F. Memorandum of Understanding filed in Case No. 2012-00578, Paragraph 4
- G. Memorandum of Understanding filed in Case No. 2012-00578, Paragraph 2
- H. Memorandum of Understanding filed in Case No. 2012-00578, Paragraph 5
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