

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

Kentucky Industrial Utility Customers, Inc. ("KIUC") is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due no later than September 21, 2012. 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 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.

KIUC 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 KIUC 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 should 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 the Direct Testimony of Stephen J. Baron (“Baron Testimony”), page 5, lines 12 through 19. It states, “[a]s an initial matter, Kentucky Power’s request for withdrawal of Tariff RTP is premature. Customers have only recently begun taking service under Tariff RTP and therefore, the actual impact of Tariff RTP on customer usage has not yet been meaningfully assessed. Further, encouraging customers to shift their load from higher-priced period to lower-priced periods is not the sole objective of Tariff RTP, as reflected by the plan language of the tariff. Another purpose of Tariff RTP is to provide customers the opportunity to experiment in the wholesale electric market.”

a. Confirm whether Kentucky Power Company’s (“Kentucky Power”) Experimental Real-Time Pricing (“RTP”) Tariff R. T. P. (“Tariff RTP”) was first approved by the Commission in Case No. 2007-00166.¹

b. Are any KIUC members currently taking service under Kentucky Power’s Tariff RTP?

c. If the answer to 1.b. is yes, identify each member and provide:

¹ Case No. 2007-00166, Application of Kentucky Power Company for an Order Approving a Large Commercial and Industrial Customers Real-Time Pricing Pilot Program (Ky. PSC Feb. 1, 2008).

(1) The date each member first began taking service under this tariff;

(2) The amount of the load and the duration each member shifted the load from a higher-priced period to a lower-priced period;

(3) Whether that member added new load during the lower-price periods since it began taking service under Tariff RTP; and

(4) The member's average annual load factor for the past five calendar years.

d. If the answer to 1.b. is yes, explain why each KIUC member that has taken service under Tariff RTP did not request service under Tariff RTP earlier.

e. At page 5, line 14, it states that "the actual impact of Tariff RTP on customer usage has not yet been meaningfully assessed." Explain.

2. Refer to the Baron Testimony, page 6, lines 16 through 18. It states, "[t]his is because any revenue loss to Kentucky Power will be limited to a twelve-month period and will therefore be one-time, non-recurring and not recoverable in a general rate case." Explain why any revenue loss to Kentucky Power will be limited to a twelve-month period and "will therefore be one-time, non-recurring and not recoverable in a general rate case."

3. Refer to the Baron Testimony page 24, line 9. It states: "No. I believe that Tariff RTP should continue beyond June 30, 2012."

a. Confirm whether the reference to the year 2012 is correct or whether the reference should be to 2013.

b. If the reference to 2013 is correct, explain why KIUC maintains that Tariff RTP should not be allowed to expire on June 30, 2013 and whether it maintains that any revenue loss that will occur should be recoverable in a general rate case.

4. Refer to the Baron Testimony, page 9, lines 19 through 21. It states, "Kentucky Power's claim that Tariff RTP has not encouraged customers to shift energy usage from higher-priced to lower-priced periods is therefore premature."

a. Explain KIUC's statement.

b. From February 1, 2008, the date of the final Order in Case No. 2007-00166,² up to and including June 30, 2012, how many of KIUC members took service under Tariff RTP and have shifted any of their load from higher-priced periods to lower-priced periods?

5. Refer to Baron Testimony, page 10, lines 16 through 20. It states, "[i]n fact, the 'Program Description' portion of Tariff RTP also states that the pilot program will 'offer the customer the ability to experiment in the wholesale electricity market by designating a portion of the customer's load subject to standard tariff rates with the remainder of the load subject to real-time prices.'"

Tariff R.T.P., with an effective date of July 29, 2011, at 1st Revised Sheet No. 30-1, under "Program Description", states as follows:

The Experimental Real-Time Pricing Tariff is voluntary and will be offered on a pilot basis through June 2013. The RTP Tariff will offer customers the opportunity to manage their electric costs by shifting load from higher cost to lower cost pricing periods or by adding new load during lower price periods. The experimental pilot will also offer the customer the ability to experiment in the wholesale electricity market by designating a portion of the customer's load subject to

² *Id.*

standard tariff rates with the remainder of the load subject to real-time prices. The designated portion of the customer's load is billed under the Company's standard Q.P. or C.I.P.-T.O.D tariff. The remainder of the customer's capacity and energy load is billed at prices established in the PJM Interconnection, L.L.C. (PJM) RTO market.

a. With regards to Tariff RTP, does KIUC maintain that Tariff RTP offers customers the opportunity to manage their electric costs by shifting load from higher-cost to lower-cost pricing periods or by adding new load during lower-price periods and additionally requires any such customer taking service under the Tariff to designate a portion of the customer's load subject to standard tariff rates with the remainder of the load subject to real-time prices?

b. Or, with regards to Tariff RTP, does KIUC maintain that Tariff RTP offers customers the opportunity to manage their electric costs by shifting load from higher-cost to lower-cost pricing periods or by adding new load during lower-price periods and that the ability (opportunity) to experiment in the wholesale electricity market is an option but not mandatory under Tariff RTP?

6. Refer to Baron Testimony, page 11, lines 18 through 20. The question on line 18 and 19 from the Baron Testimony is, "[s]hould there be a requirement that customers must engage in load-shifting under Tariff RTP?" The first word of the response on line 20 is "No."

a. Is KIUC aware that the Commission, in Administrative Case No. 2006-00045,³ at page 13, stated, "[a]t this time, however, only Duke Kentucky offers a real-time pricing tariff. The Commission believes that some of the large commercial and

³ Case No. 2006-00045, Consideration of the Requirements of the Federal Energy Policy Act of 2005 Regarding Time-Based Metering, Demand Response, and Interconnection Service (Ky. PSC Dec. 21, 2006)

industrial customers of the other jurisdictional utilities may benefit from real-time pricing tariffs because such customers have greater operating flexibility and, therefore, greater ability to modify their consumption patterns.”

b. Is KIUC aware that the Commission, in Case No. 2007-00166⁴, at page 3, it stated, “[t]he proposed program will be a market-based, hourly RTP program in which the customer will have the opportunity to manage their electric costs by shifting load periods”?

c. Is KIUC is aware that, in Case No. 2007-00166,⁵ at pages 10 and 11, the Commission stated:

For high load factor customers, it may not be beneficial to participate. They are using power evenly throughout the time period and thus are less likely to be able to shift their usage pattern to put more usage off-peak. Lower load factor customers, on the other hand, may benefit if they can modify their usage pattern to reduce their peak load or move load to off-peak time periods which is the intent of the program. They also would generally have more of an opportunity to change their usage patterns.

7. Refer to Baron Testimony, page 18, lines 17 through 19. It states, “[u]nder the terms of Tariff RTP, customers can freely elect to move load from the Company’s regular tariffs to Tariff RTP.” Where does Tariff RTP state that “customers can freely elect to move load from the Company’s regular tariffs to Tariff RTP”?

8. Refer to Baron Testimony, page 23, lines 7 through 8, where is states, “[f]or example, Marathon has been in contact with the Company regarding Tariff RTP since 2009.”

⁴ Case No. 2007-00166, Kentucky Power Company (Ky. PSC Feb. 1, 2008)

⁵ *Id.*

a. A letter dated June 1, 2012 and filed on June 4, 2012, from Jennifer Steiner-Burner, Marathon Petroleum Company LP, to the Commission's Executive Director, stated that "Marathon Petroleum Company LP and the Catlettsburg Refinery have been analyzing the Kentucky Power Tariff R.T.P. and been in negotiations with Kentucky Power for many months with the intent to move the majority of the Catlettsburg Refinery load to Tariff R.T.P. effective July 1, 2012." Explain why Marathon did not elect to take service under Tariff RTP earlier.

b. Is Marathon considered a high load factor customer?

c. Since taking service under Tariff RTP, has Marathon shifted any load from a high-price period to a lower-price period?

d. Since taking service under Tariff RTP, has Marathon added any new load during low price time periods?

9. a. Is KIUC aware that, in Case No. 2011-00428,⁶ the Commission authorized Duke Energy Kentucky, Inc.'s Rate RTP tariff to continue until otherwise ordered by the Commission?

b. Is KIUC aware that, in Case No. 2012-00010,⁷ the Commission authorized Kentucky Utilities Company and Louisville Gas and Electric Company to continue their Real-Time Pricing Riders on a permanent basis?

10. In the event that the Commission orders Kentucky Power:

a. To continue its existing RTP Tariff permanently, does KIUC maintain that the \$10 million to \$20 million revenue short fall, as discussed at page

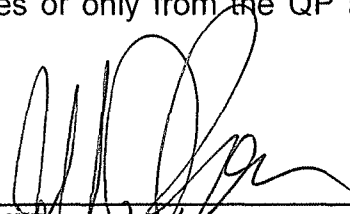
⁶ Case No. 2011-00428, Application of Duke Energy Kentucky for Approval to Modify and Extend the Availability of Its Rate RTP, Real Time Pricing Program (Ky. PSC Dec. 28, 2011).

⁷ Case No. 2012-00010, Request of Kentucky Utilities Company and Louisville Gas and Electric Company to Continue Their Real-Time Pricing Riders on a Permanent Basis (Ky. PSC Mar. 20, 2012)

6 of the Baron Testimony, lines 16 through 18, would still be a one-time, non-recurring revenue loss and not recoverable in a general rate case?

b. To continue its existing RTP Tariff until otherwise ordered by the Commission, does KIUC maintain that the \$10 million to \$20 million revenue short fall, as discussed at page 6 of the Baron Testimony, lines 16 through 18, would still be a one-time, non-recurring revenue loss and not recoverable in a general rate case?

11. In the event that the Commission orders that Kentucky Power's estimated \$10 million to \$20 million revenue shortfall is not a one-time non-recurring loss and is therefore recoverable in a general rate case, does KIUC maintain that any revenue shortfall should be recovered from all rate classes or only from the QP and CIP-TOD classes?



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cc: Parties of Record

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