## COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY POWER )	
COMPANY FOR: (1) A GENERAL )	
ADJUSTMENT OF ITS RATES FOR )	
ELECTRIC SERVICE; (2) AN ORDER )	
APPROVING ITS 2014 ENVIRONMENTAL )	CASE NO.
COMPLIANCE PLAN; (3) AN ORDER )	2014-00396
APPROVING ITS TARIFFS AND RIDERS; )	
AND (4) AN ORDER GRANTING ALL OTHER )	
REQUIRED APPROVALS AND RELIEF )	

## COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION TO KENTUCKY POWER COMPANY

Kentucky Power Company ("Kentucky Power" or "the Company"), pursuant to 807 KAR 5:001, is to file with the Commission the original and three copies in paper medium, and an electronic version of the following information. The information requested herein is due no later than March 9, 2015. Responses to requests for information in paper medium 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 should be given to copied material to ensure its legibility. 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. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filling a paper containing personal information, Kentucky Power shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

- Refer to the Application, Section V, Exhibit 2, Tab "W04."
- a. Provide the supporting calculations for the amount in cell E11 or its location in the record.
- b. Explain how this work paper isolates the effect of customer migrations.
- 2. Refer to the Application, page 6 of the Direct Testimony of David Davis, where the existing and study depreciation rates are listed. Identify and explain the impact(s) of the increased spending since 2009 in Kentucky Power's vegetation

management program on the depreciation rates determined in the current depreciation study.

- 3. Refer to the Application, page 25 of the Direct Testimony of John A. Rogness III, lines 17-19. Explain why Kentucky Power is required to pay an employee for a minimum of two hours when the employee is "called out."
- 4. Refer to the Application, pages 5-6 of the Direct Testimony of Jason M. Stegall ("Stegall Testimony"). Beginning at the bottom of page 5, Mr. Stegall states, "To ensure that the Customer Annualization Adjustment reflects only actual customer growth, the impact of customer migrations has been eliminated by starting with the data adjusted for the Customer Migration Adjustment." Provide the following or its location in the record:
  - The data prior to the Customer Migration Adjustment by rate class.
- b. The Customer Migration Adjustment amounts by rate class and their supporting calculations.
  - 5. Refer to the Application, Exhibit JMS-1, pages 1 and 2 of 3.
- a. Explain the references to March 2013 in the headings for columns 3, 7, and 11 on page 1 and columns 3, 4, 7, and 10 on page 2.
- b. Confirm that the amounts in columns 2, 6, and 10 on page 1, and column 2 on page 2, are actually number of customer bills rather than number of customers.
- 6. Refer to the response to item 5.i. of Commission Staff's First Request for Information ("Staff's First Request").

- a. Provide a copy of the incentive program for the employees of the largest contractor that has components for safety, effectiveness, and efficiency.
- b. Provide an explanation for adding a full-circuit re-clearing measure
   in the third quarter of 2014. Provide a copy of the contract measure.
- 7. Refer to the response to item 5.o. of Staff's First Request and to the Direct Testimony of Everett G. Phillips ("Phillips Testimony").
- a. Create a table, keeping Table 10 Scenario Cost Comparison on page 30 of the Phillip's Testimony fully intact, with the addition of a scenario 5 column which represents a five-year clearing cycle. Provide a written explanation for the calculated numbers which is similar in style to what was provided in the Phillip's Testimony. Use assumptions similar to Scenario 2, shifting the clearing cycle to five years.
- b. Create a table, similar to table 7 on page 26 of the Phillips
  Testimony, based on a five-year clearing cycle and with assumptions similar to those
  made in scenario 2. Provide a written explanation for the table and its calculations
  which is similar in style to what was provided in the Phillip's Testimony.
  - 8. Refer to Item 30 of Staff's First Request.
- a. The advertising detail provided in KPSC\_1\_30\_Attachment1, Line
   8, lists \$5,576.97 for Customer Assistance Expense DSM. Explain why this cost was not recovered through Kentucky Power's DSM surcharge.
- b. In KPSC\_1\_30\_Attachment3, the summary lists Donations of \$464,485.63, Civic and Political Activities of \$272,375.85, and Penalties of \$63,080.31. Explain why these items should not be removed for ratemaking purposes.

- 9. Refer to the response to Item 32 of Staff's First Request. In the detail provided in KPSC\_1\_32\_Attachment1, contributions for charitable and political purposes is listed at \$162,872. Explain why this amount should not be removed for ratemaking purposes.
- 10. Refer to the response to Item 2.g. of Commission Staff's Second Request for Information ("Staff's Second Request"). Describe the results of the NERC CIP audits and provide a copy of the audit reports.
- Refer to the response to Item 4 of Staff's Second Request regarding economic development and job training programs.
  - a. Provide a breakdown of how the funds were expended.
- State whether there were labor or other costs associated with Kentucky Power personnel included in the expenditures.
  - 12. Refer to the response to Item 5 of Staff's Second Request.
- a. In column D, line 14 and line 24 in KPSC\_2\_5d\_Attachment.xlsx, the percentage increases in the average cost per hour for tree-related outage overtime and average cost for customer minutes of interruption from the test year in Case No. 2009-00459<sup>1</sup> to the 2014 test year are 106.7 percent and 125.8 percent, respectively.
- (1) Confirm that the percentage increases should be 6.7 percent and 25.8 percent, respectively.
- (2) Explain why the average overtime hourly wage for contactors is lower than that for internal employees.

<sup>&</sup>lt;sup>1</sup> Case No. 2009-00459, Application of Kentucky Power Company for a General Adjustment of Electric Rates (Ky. PSC June 28, 2010).

- (3) Explain why Kentucky Power does not use more contractors, since the average overtime hourly cost is less than that for internal employees.
- b. Explain whether Kentucky Power tracks productivity of treetrimming jobs or projects, regardless of whether it is a capital project or operation and maintenance project.
- c. If the answer to part b. is yes, provide the level of productivity for the 2009 test year and then by year for 2010 through 2014. If there is any change in productivity, explain the reason.
- d. Explain whether there is any change in how tree-trimming contractor(s) are currently paid, whether by job or hourly.
- e. Explain whether there has been any change in how tree-trimming contractors are now paid from 2010 through 2014 versus in 2009.
- f. If there has been any change since 2009, provide the reason(s) for the change.
- g. Refer to the response to Item 5.f. of Staff's Second Request.

  Explain why there was a reduction of approximately 40 percent in the incremental operations and maintenance spending.
- 13. Refer to the response to Item 7.d. of Staff's Second Request. The response states, "In many cases, the programs and functions of security and cybersecurity are spread over many departments and business units that provide a larger service such as IT infrastructure, telecommunications, applications, or information security with security or cybersecurity included in their overall cost structure. Therefore

it is not possible to accurately segregate and sum costs specific to security and cybersecurity."

- a. Explain how it is possible to track the costs for inclusion in the NERC Compliance and Cybersecurity Rider.
- b. Explain how the level of costs being recovered through base rates can be known.
- c. Provide the accounting classifications, both capital and operation and maintenance, that will be used to identify the costs subject to recovery through the proposed rider.
- d. Explain why it is reasonable to establish a rider to recover costs that cannot be separately identified to determine their historical levels and which, based on the response provided, could be subject to double recovery.
- Refer to the response to Item 17 of Staff's Second Request. Provide the dates of each of the ROE awards shown on Attachment 1.
- 15. Refer to the response to Staff's First Request, Item 32. For the months of January 2014 to September 2014, confirm that Kentucky Power included in its monthly environmental surcharge report the costs billed for Rockport's projects in service at that time, even though Kentucky Power's environmental surcharge factor was set at zero.
- Refer to the response to Staff's First Request, Item 39, which was not totally responsive.
- a. Provide the requested information for the portion of the test year that predates Kentucky Power's ownership of the Mitchell Generating Station ("Mitchell" or "Mitchell Plant")

- b. Provide the information for columns 9 through 14 for the months of January 2014 through September 2014 in the expanded Exhibit AJE-4.
- 17. Refer to the response to Item 44.b. of Staff's Second Request. Provide a listing of the specific revenue accounts that vary with the amount of energy sold but are not directly assignable.
- 18. Refer to the response to Item 45 of Staff's Second Request. State whether Kentucky Power historically and currently implements a true-up to refund or collect over/under-recoveries of Capacity Charge revenues. If so, describe how the true-up occurs.
- 19. Refer to Item 49 of Staff's Second Request regarding the annualization of property taxes. In Column C under the WV Payment Transfers, there are two line items for two years of West Virginia property taxes.
- a. Confirm there are two years of property taxes related to Kentucky
   Power's 50 percent ownership in Mitchell reflected in the test year.
- b. Provide an updated Section V, Exhibit 2, W 44 that shows Kentucky Power's proposed adjustment with only the 2014 taxes included for the Mitchell plant, and provide a reconciliation of the original amount of the adjustment to the \$11,304,090 contained in the response.
- 20. Refer to the response to Item 51. Confirm that Ohio has enabling legislation providing for the cost of economic development programs to be recovered from utility customers.
- 21. Refer to the response to Item 55.b. of Staff's Second Request. Given the response to Item b., that a customer would have to request to be switched to the S.G.S.

tariff, explain why the proposed M.G.S. tariff language states, "Customers receiving service on or before January 22, 2015 at a secondary voltage and with average monthly demand below 10 kw will be served under S.G.S. tariff" (Emphasis added).

- 22. Refer to the response to Item 57 of Staff's Second Request. State whether September 2014 was used in the determination of on-peak hours because it is the last month of the test year. If not, explain why it was used. If so, explain why September's being the last month of the test year makes it the most appropriate month to use for the calculation.
  - 23. Refer to the response to Item 58 of Staff's Second Request.
- a. Explain why purchased power excluded from recovery through the fuel adjustment clause because of the equivalent peaking unit limitation should be recoverable through a separate mechanism and not through base rates.
- b. Provide the amount of the unrecovered power purchases due to the peaking unit equivalent limitation for each of the past five calendar years.
- 24. Refer to the response to Item 60.c. of Staff's Second Request, Attachment1. Provide support for the 1,160 meter-servicing hours used to calculate the hourly rate.
- 25. Refer to the response to Item 62 of Staff's Second Request. Explain the circumstances causing Kentucky Power to propose the change in its customer deposit policy regarding supplemental deposits for nonresidential customers that have paid all their bills in full in a timely manner. State how many nonresidential customers in the test year would have been subject to such a supplemental deposit requirement, if that number is known.

- 26. Refer to the response to Item 64.b. of Staff's Second Request. State whether 100 percent of Kentucky Power's meters are Automatic Meter Reading ("AMR") meters that are read remotely. If not, state whether the non-AMR customers would be charged the proposed meter reading charge each month by Kentucky Power for manually reading the meter.
- 27. Refer to the response to Item 71 of Staff's Second Request. The response did not answer the question. Explain why the 500-customer limit should be retained for Tariff S.G.S. T.O.D.
- 28. Refer to the response to Item 75 of Staff's Second Request. Explain whether Kentucky Power is requesting that the Commission approve \$.13421 per kWh for the Tariff L.G.S. Load Management Time-of-Day when \$.13164 per kWh was noticed to customers.
- 29. Refer to the response to Item 79.b. of Staff's Second Request. Explain why Kentucky Power is proposing an increase to \$57.60 for the 1,000 watt Floodlight, given a calculated cost-based rate of \$42.61.
  - 30. Refer to Item 80 of Staff's Second Request.
- a. Provide the source and the source documents for the industry standards discussed in the responses.
- b. State whether Kentucky Power has discussed the proposed tariff language changes with the operators subject to the C.A.T.V. tariff.
- c. Explain whether Kentucky Power has experienced difficulty meeting its current tariff obligations with regard to notification of special conditions regarding pole use, insurance notice time, and semi-annual billing.

- 31. Refer to the response to Item 84.a. of Staff's Second Request. Given the response, explain why Kentucky Power is not proposing that the language on the referenced tariff pages be similar to the language included on proposed tariff P.S.C. KY. No. 10 Original Sheet No. 39-2, the Big Sandy Unit 1 Operation Rider, which states, "The factors as computed above are calculated to allow the recovery of Uncollectible Accounts Expense of 0.3% and the KPSC Maintenance Fee of 0.1952% and other similar revenue based taxes or assessments. . . ."
  - 32. Refer to the response to Item 85 of Staff's Second Request.
- a. State whether the use of "Asset Transfer Adjustment" in proposed Tariff B.S.R.R. is a carryover from the Settlement Agreement wherein the proposed rider was referred to as "Asset Transfer Rider 2" and before the proposed name change to "Big Sandy Retirement Rider."
- b. Explain why it would not be more appropriate to use the term "Residential B.S.R.R. Adjustment Factor" instead of "Residential Asset Transfer Adjustment Factor," and to use the term "All Other Classes B.S.R.R. Adjustment Factor" instead of "All Other Classes Asset Transfer Adjustment Factor" in proposed Tariff B.S.R.R.
- 33. Provide examples of all forms to be used in conjunction with each proposed new tariff.
  - 34. Refer to the response to Item 87 of Staff's Second Request.
- a. Explain why Kentucky Power is requesting approval of a weather normalization adjustment in this proceeding when it has not in prior proceedings.

- b. State whether Kentucky Power is aware that in Case No. 2013-00148<sup>2</sup> the Commission required that Atmos Energy Corporation ("Atmos-Ky.") file in its next application for a natural gas base rate increase a comparison of weather normalization methodologies using time periods including, but not limited to, 20, 25, and 30 years in length, and that, along with its comparison of results, Atmos-Ky. was directed to include support for the time period it proposes to use to normalize revenues, including the superiority of the chosen method in terms of its predictive value for future temperatures.
- c. Provide the 30-year and test-year weather data used in preparing the proposed weather normalization adjustment. The information should be in sufficient detail to include the source of the data and the location(s) of measurement.
- d. Clarify whether Kentucky Power's weather normalization is based on specific 30-year daily or monthly average temperatures, or whether a range of normal temperatures was used, with usage normalized outside the range of normal bounds.
- e. Explain whether only residential customers' usage is impacted by temperature.
- f. State other factors besides temperature that impact consumption (for example, personal income, employment status, humidity, and wind) and how Kentucky Power incorporated these into its modelling.

<sup>&</sup>lt;sup>2</sup> Case No. 2013-00148, Application of Atmos Energy Corporation for an Adjustment of Rates and Tariff Modifications (Ky. PSC Apr. 22, 2014).

- g. Provide and describe any modelling developed by Kentucky Power to measure the temperature dependence of kWh sales for the residential class for the test year.
- h. State whether there is a level of per-customer energy usage which is insensitive to weather. If so, provide the impact on the proposed weather normalization if the non-weather sensitive load is removed from the calculation.
- Provide in Excel format all data and assumptions underlying the three spread sheets provided in Attachment 1 to this response, to the extent not already provided.
- j. Provide calculations showing the impact on Kentucky Power's proposed rates if the weather normalization adjustment is removed from both revenues and expenses.
- 35. Refer to the response to Item 89 of Staff's Second Request. Explain whether the response indicates that Kentucky Power used neither the minimum size methodology nor zero-intercept methodology to allocate distribution plant between customer and demand-related. If not, explain what is meant by the response. If so, confirm that the distribution plant categories of poles, conductors and transformers were allocated 100 percent as demand-related and explain why this treatment is appropriate.
- 36. Refer to the response to Item 96 of Staff's Second Request, Attachment 1; Exhibit JMS-3 of the Application; and Section II of the Application, page 348 of 1,829.
- a. Confirm that Tab "Part A" of Attachment 1 to the response to Item 96 shows that the difference between the \$4,696,331 base rate revenue decrease shown on page 1 of Exhibit JMS-3 and the \$39,163,930 base rate revenue increase

shown in the Application, Section 2, page 348 of 1,829, consists of Asset Transfer Rider revenues. If this cannot be confirmed, explain the difference.

- b. Confirm Kentucky Power's understanding that Asset Transfer Rider revenues are not base rate revenues and should not be included in the calculation of a base rate increase or decrease.
- c. Regardless of Kentucky Power's response to subpart b. above, provide a revised Exhibit JMS-3 showing the rates of return based on the base rate increase for each rate class as shown in Section II of the Application, page 348 of 1,829, the total of which is \$39,163,930.
- 37. Refer to the response to Item 98.a. of Staff's Second Request, Attachment1.
- a. Provide a revised Attachment 1 with a column added which shows the total to be billed for each customer at the rates proposed in Kentucky Power's Application.
- b. Refer to page 1 of 3, middle of the page. Provide the supporting calculations for the current and proposed total bill amounts for the customer showing a 15 percent increase.
- c. Refer to page 2 of 3, top half of the page. Provide the supporting calculations for the current and proposed total bill amounts for the customer showing a 14 percent increase.
- d. Refer to page 3 of 3, bottom half of the page. Provide the supporting calculations for the current and proposed total bill amounts for the customer showing a 13 percent decrease.

- e. For each of the three customers identified in subparts b., c., and d. above, provide the supporting calculations for the total billed amounts shown in the column added in response to subpart a.
- 38. Refer to the response to Item 103 of Staff's Second Request; the Application, Exhibit AEV-4, page 1 of 3; and the response to Item 17 of the Kentucky Industrial Utility Customers, Inc.'s First Set of Data Requests ("KIUC's First Request"), Attachment 47. The second row on Exhibit AEV-4, page 1 of 3, shows "Non Fuel Plant O&M Energy" of \$3,351,767. This amount can be found in cells AT570 and AT575 in Attachment 47 to Item 17 of KIUC's First Request. The formula for cell AT570 is a sum which includes cells AT96 and AT98 which are "Fuel" and "Fuel-Procure Unload & Handle," respectively. Explain why the amounts in these two cells would be included in "Non Fuel Plant O&M Energy."
- Refer to the response to Item 108 of Staff's Second Request regarding the
   Mitchell Plant Maintenance Normalization and Adjustment 34.
- a. In the heading of the spreadsheet, it lists the test year ended
   3/31/2013. Confirm that the years and amounts listed in the spreadsheet are correct.
- b. Provide the amount of the Mitchell plant maintenance budgeted for the year ended September 30, 2015.
- c. Provide the date and the estimated cost for the scheduled maintenance outages at Mitchell for the three years following the end of the test year.
- d. Provide a schedule including the date and cost of all outages for the three years listed in Adjustment 34.

- 40. Refer to the response to Item 109.d. of Staff's Second Request regarding Kentucky Power's economic development program.
- a. Confirm that the response should refer to KPSC 2-4 and provide the account number(s) in which these expenses were recorded.
- b. Confirm that the reference to AG\_1\_109\_Attachment1.pdf is correct. If not, provide the correct reference.
- c. Explain why the \$800 advertisement with the Southeast Chamber
   of Commerce should be included in the test-year's cost of service.
- 41. Refer to the response to Item 110 of Staff's Second Request regarding expenses for professional services.
- a. Refer to subpart d. of the response. State whether Kentucky Power included the \$49,128.93 paid to InSite in test-year expenses for ratemaking purposes.
- b. If the response to subpart a above is affirmative, provide justification for including the amount paid to InSite as a test-year expense for ratemaking purposes.
- c. Refer to the response to subpart e. Explain how Kentucky Power determines which consulting services are allowable for ratemaking purposes without knowing the basis of the consulting charges.
- d. Refer to subpart f. The original file did not contain a response to subpart f. Provide a response to this question.
  - 42. Refer to the response to Item 112 of Staff's Second Request.

- a. Refer to the response to subpart b. Explain the reason(s) for the increases or decreases in the expenses billed to Kentucky Power by AEPSC for the 12 months ended September 2009 through the end of the test year.
- b. Refer to the response to subpart f. Explain the reason for the large increase in the number of Kentucky Power employees from the year preceding the test year to the test year.
- 43. Refer to the response to Item 114 of Staff's Second Request. Provide the number of industrial customers served by Kentucky Power and the code sections of the North American Industry Classification System used to qualify the customers as industrial.
- 44. Refer to the response to Item 164 of the Attorney General's Initial Set of Data Requests ("AG's Initial Request") regarding aviation expense. State whether any of the aviation expenses were for economic development purposes. If so, provide the amount.
- 45. Refer to the response to Items 264 and 268 of the AG's Initial Request regarding tickets and athletic events, respectively. State whether the expenditures listed in the responses were included in the cost of service. If so, provide justification for including the costs in the test year.
- 46. Refer to the response to Item 266 of the AG's Initial Request, which is not responsive to the question asked. Provide the response.
- 47. Refer to the response to Item 335 of the AG's Initial Request wherein Kentucky Power states that eliminating the OATT adjustment in Exhibit JMS-3 would mean that "...customers' rates in aggregate and by class would not be aligned with the

true cost of transmission service. Furthermore, the customer class revenue allocation would need to be re-examined since the effects of the OATT adjustment were taken into consideration when the Company decided not to remove any further inter-class subsidies."

- a. If the adjustment were to be removed, explain how Kentucky Power would propose aligning customers' rates with the "true cost of transmission service."
- b. If the adjustment were to be removed, provide any change that would be necessary to class revenue allocation.
- 48. Refer to the response to Item 17 of KIUC's First Request, Attachment 34, Tab "RS."
- a. State whether column 10 represents the customer migration adjustment. If not, explain what this column represents and why the total Revised Revenue calculated in column 12 (using the amount in line 10) is used as the "Year End Migration Revenue" on Tab "JMS-1 Page 1."
  - b. Provide the origin of the amounts in column 10.
- Refer to the response to Item 17 of KIUC's First Request, Attachment 35,
   Tab "JMS-2 Allocators."
  - a. Explain what is represented by the inputs in rows 64 and 154.
- b. Explain what is represented by, and provide the origin of, the inputs in row 174.
- c. Explain the difference between the customer number amounts that appear on row 74 and row 84.

- d. Explain how the percentages in cells C253 and C254 were calculated and what they represent.
- e. Explain how the percentages in cells C265 and C266 were calculated and what they represent.
- f. Explain how the percentages in cells C277 and C278 were calculated and what they represent.
- g. Explain how the percentages in cells C289 and C290 were calculated and what they represent.
- h. Explain what "\_FXNL" stands for when used in the name of an allocator.
- 50. Refer to Items 28, 29, and 30 of KIUC's First Request and Item 171 of the AG's initial Request regarding the impact of the 50 percent bonus depreciation. Based on Kentucky Power's estimate of the bonus depreciation of \$23.6 million increase in deferred federal income taxes and an additional normalized MACRS Schedule M deduction of \$67,446,000, provide updated schedules for the Company's accumulated deferred income taxes, capitalization, the proposed adjustment 49 listed in Section V, Exhibit 2 of the Application, and any other schedules or exhibits affected by the 50 percent bonus depreciation.
- 51. Refer to the response to Item 32 of KIUC's First Request and the Application, Section V, Exhibit 2, Worksheet 25 regarding incentive compensation. Explain the difference in the amount of incentive compensation listed in each document and provide corrections if necessary.

52. Refer to the response to Item 66 of KIUC's First Request and page 15 of the Direct Testimony of Alex E. Vaughn. Is Kentucky Power contemplating any changes in the way it operates in PJM in terms of the fixed resource requirement or reliability pricing model construct?

53. Per paragraphs 5 and 7 of the Stipulation and Settlement Agreement in Case No. 2012-00578,<sup>3</sup> dated July 2, 2013, the Environmental Surcharge ("Tariff E.S.") factor will be fixed and maintained at 0.00% and System Sales Adjustment ("Tariff S.S.C.") factor to 0.0000 mills/kWh until new base rates are set by the Commission.

a. If a rate change occurs in the middle of billing cycle, explain whether the Tariff E.S. and Tariff S.S.C. factors are mechanically pro-rated in Kentucky Power's customer accounting system or if the factors are prorated manually for each billing cycling.

b. If the proration of Tariff E.S. and Tariff S.S.C. factors are calculated manually for each billing cycle, and the Commission were to issue a final Order on June 22, 2015, explain how the factors would be pro-rated and provide an example.

DATED FEB 2 4 2015

cc: Parties of Record

Jeff Delouen Executive Director

**Fublic Service Commission** 

P. O. Box 615

Frankfort, Kentucky 40602

<sup>&</sup>lt;sup>3</sup> Case No. 2012-00578, 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 (Ky. PSC Oct. 7, 2013).

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