

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)	
POWER COMPANY FOR APPROVAL OF A)	CASE NO.
CONTRACT FOR ELECTRIC SERVICE WITH)	2018-00418
BRAIDY INDUSTRIES INC.)	

COMMISSION STAFF'S INITIAL 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 an electronic version of the following information. The information requested herein is due on February 11, 2018. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable and shall be appropriately bookmarked.

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 Kentucky Power 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, Kentucky Power 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. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing 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.

1. Refer to the application, paragraph 12, regarding Veloxint. Provide additional details regarding the operations of Veloxint, including the number of employees to be employed at the facility, the expected monthly energy and demand consumption, and whether the Veloxint facility will be separately metered from the other Braidy Facility.¹

2. Refer to the application, paragraph 13, regarding the Braidy Service Center and the Braidy Life Center. Refer also to the application, Exhibit 2, page 2 of 18, regarding the description of the Braidy Service Center. Provide additional details regarding the

¹ The Braidy Facility is described in the application as consisting of the Braidy Atlas Mill, the Braidy Service Center, the Braidy Life Center, and the Veloxint operation. See Application at paragraph 13.

purpose and function of the Braidy Service Center and the Braidy Life Center, including the number of employees to be employed at each center, the expected monthly energy and demand consumption, and whether the two centers will be separately metered from the other Braidy Facility.

3. Regarding the expected number of employees to be employed at the Braidy Service Center, the Braidy Life Center, and Veloxint, explain whether the level of staffing at these facilities are included in the 500–600 number of employees referenced in the application, paragraph 11.

4. Provide an aerial map depicting the locations of the Braidy Atlas Mill, the Braidy Service Center, the Braidy Life Center, and the Veloxint facility. Identify in this map the point of delivery for electric power and energy to be provided by Kentucky Power.

5. Refer to the application, paragraph 16, which states that “[t]he Special Contract provides that [Kentucky Power] will supply energy and capacity to the Braidy Facility up to 180 MW of metered demand at a fixed, annual rate per kilowatt-hour (kWh) of energy used.” Given that the Braidy Facility is comprised of four separate facilities located at three different addresses, explain how the point of delivery is configured such that the provision of electric service will be in compliance with 807 KAR 5:041, Section 9(2), which provides that a utility shall regard each point of delivery as an independent customer and meter the power delivered at each point.

6. Refer to the application, paragraph 19.

a. Regarding the contractually required level of employment, explain why the Special Contract provides for a level of employment (440 full-time equivalent

employees) that is lower than what Braidy Industries, Inc. (Braidy), anticipates employing (approximately 550 full-time equivalent employees).

b. Explain whether Braidy has communicated to Kentucky Power about how it intends to honor the commitment to “advocate for and work to attract new industrial development and supply chain providers to Kentucky Power’s service territory.”

7. Refer to Exhibit 2 of the application, page 19 of 19, Bill Illustration Addendum, line 4.1 B, Monthly Billing Energy. Indicate how the Monthly Billing Energy amounts were determined, explain why they appear to be based on different load factors, and provide the estimated load factor for the Braidy Facility.

8. Refer to the Direct Testimony of Matthew J. Satterwhite, pages 7–8. Provide in more detail the nature of Braidy’s business and how it will bring in “associated businesses and suppliers.” Include in this response any economic analysis or empirical studies reviewed or provided to Kentucky Power in support of this statement.

9. Refer to the Direct Testimony of Ranie K. Wohnhas (Wohnhas Testimony), page 4. Explain why Kentucky Power chose to enter into the Special Contract rather than utilizing the discounted rates set forth in Kentucky Power’s Economic Development Rate Tariff.

10. Refer to the Wohnhas Testimony, pages 4–5. Confirm that only the incremental usage above the 180 MW contractual limit will be billed at Tariff I.G.S. demand and energy charges, plus all surcharges and riders.

11. Refer to the Wohnhas Testimony, page 5, regarding the Braidy Service Center. Explain the need to establish a definition for the Braidy Service Center in the

Special Contract, and why the purpose of the center is explicitly set forth in the Special Contract.

12. Refer to the Wohnhas Testimony, page 6, regarding the statement that “Veloxint currently is being served under the applicable Company tariff.”

a. Identify the rate schedule that Veloxint is currently being served under.

b. Identify the date upon which Kentucky Power started providing service to Veloxint.

c. Confirm that Veloxint is currently a Kentucky Power customer.

13. Refer to the Wohnhas Testimony, page 9. From the beginning of negotiations, the peak capacity of the Braidy Facility increased from 60 MW to 180 MW. Explain the factors that led to the increased peak capacity.

14. Refer to the Direct Testimony of Alex E. Vaughn, Confidential Exhibit AEV-1, page 1 of 2. Explain how the amounts in column (a), NEC Cost, and the estimated fixed cost contribution were determined and provide the calculations for those amounts along with any other assumptions. Include in this response a break out of the NEC Cost by fuel and purchase power.

15. Provide an estimate of the expected fixed costs to provide service to Braidy over the term of the contract.

16. Provide a comparison calculation, similar to the Exhibit 2 bill illustration, showing the rate that would be paid by Braidy if it were required to be served under Kentucky Power’s Tariff I.G.S.

17. Refer to Kentucky Power's Application in Case No. 2018-00378,² paragraph 21, regarding Kentucky Power's expected capacity deficit situation beginning in the 2022/2023 PJM Interconnection, LLC, planning year. Explain in detail how Kentucky Power plans to serve the Braidy Facility load if Kentucky Power does not have sufficient internal capacity to serve its native load beginning June 1, 2022.

18. Explain why the contract does not contain any minimum required usage.

19. Explain whether the Monthly Energy Charge is designed to recover all variable costs and makes a contribution to fixed costs regardless of the amount of demand consumed by the Braidy Facility.



Gwen R. Pinson
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED JAN 23 2019

cc: Parties of Record

² Electronic Application of Kentucky Power Company for Approval of a Contract for Electric Service Under Tariff E.D.R. (Application filed Nov. 30, 2018).

*Christen M Blend
American Electric Power Service Corporation
1 Riverside Plaza, 29th Floor
Post Office Box 16631
Columbus, OHIO 43216

*John W. Pollom
Stites & Harbison
421 West Main Street
P. O. Box 634
Frankfort, KENTUCKY 40602-0634

*Kentucky Power Company
855 Central Avenue, Suite 200
Ashland, KY 41101

*Katie M Glass
Stites & Harbison
421 West Main Street
P. O. Box 634
Frankfort, KENTUCKY 40602-0634

*Honorable Mark R Overstreet
Attorney at Law
Stites & Harbison
421 West Main Street
P. O. Box 634
Frankfort, KENTUCKY 40602-0634