

**KPSC Case No. 2014-00396 General Rate Adjustment  
Attorney General's Second Set of Data Requests  
Dated February 24, 2015  
Item No. 72  
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**Kentucky Power Company**

**REQUEST**

AEPSC Costs. Refer to the response to AG 1-128.

- a. Please clarify the Company's statement that: "The requested amount included in the test year revenue requirement has not been calculated since the adjustments for the removal of Big Sandy costs and the annualization of Mitchell Plant costs were prepared at the account number level and not by the types of costs or department level within the account numbers."
- b. Identify the AEPSC costs that KPCo is requesting by account and amount.

**RESPONSE**

- a. The Company's response to AG 1-128, and in particular in Attachment 1 to its response to AG 1-128, provided the total amount billed to Kentucky Power by AEPSC during the test year. The Company made two adjustments in this case that affect the amount of AEPSC charges included in its proposed cost of service. First, in order to comply with the terms of the Commission approved Stipulation and Settlement Agreement in Case No. 2012-00578 and to accurately reflect the cost of service following the retirement of Big Sandy Unit 2 and the planned conversion of Big Sandy Unit 1, Kentucky Power removed all Big Sandy related operations and maintenance expenses from the test year. This adjustment is described in Section V, Exhibit 2, pages 31-1 to 31-2 and in the testimony of Company Witness Yoder. Those non-fuel operation and maintenance costs associated with Big Sandy Unit 1 were subsequently identified and included by Company witness Vaughan in the revenue requirement calculations for the proposed BS1OR.

Second, the Company annualized the test year costs for Kentucky Power's share of the Mitchell generating station to account for the fact Kentucky Power only owned its share of Mitchell for a portion of the test year. This adjustment is described in Section V, Exhibit 2, pages 33-1 to 33-2 and in the testimonies of Company Witnesses Yoder and Wohnhas.

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In both instances, the Company utilized account-level cost information to make the adjustments because the account level information was the most readily available in Kentucky Power's accounting general ledger and the simplest method for identifying the costs that must be adjusted. At the account level, the costs are not broken into their various cost components (such as those that are billed to the Company by AEPSC). As such, the Company has not identified the portions of the costs removed or annualized that specifically relate to AEPSC charges.

- b. See a. above.

**WITNESS:** Jason M Yoder