

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY POWER)	
COMPANY FOR: (1) A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY)	CASE NO.
AUTHORIZING THE COMPANY TO CONVERT)	2013-00430
BIG SANDY UNIT 1 TO A NATURAL GAS-FIRED)	
UNIT; AND (2) FOR ALL OTHER REQUIRED)	
APPROVALS AND RELIEF)	

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 ten copies of the following information, with a copy to all parties of record. The information requested herein is due by February 13, 2014. 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 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 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.

1. Refer to paragraphs 14 through 20 of the application regarding the natural gas supply and transportation.

a. Refer to paragraph 16 where it states that the collaboration of Kentucky Power and American Electric Power Service Corporation contacted Federal Energy Regulatory Commission (FERC)-regulated natural gas companies to obtain indicative cost estimates and installation schedules for the project.

(1) Provide any information the collaborative provided to the companies identified as potential candidates for the project.

(2) Explain why only FERC-regulated natural gas pipeline companies were considered for the project.

(3) State whether all FERC-regulated natural gas pipelines in the vicinity were contacted. If not, explain why.

b. Refer to paragraph 17 regarding the evaluation of the natural gas supply proposals. Provide the specifications and qualifications the collaborative is using to evaluate the natural gas supply proposals.

c. Refer to paragraph 19 of the application where it states that Kentucky Power will construct an approximate 800-foot gas-delivery pipeline.

(1) State whether Kentucky Power will construct the pipeline or have the construction completed by a contractor.

(2) If Kentucky Power plans to construct the pipeline, describe what experience Kentucky Power has in such construction.

(3) If the answer to subpart (1) above is for a contractor to complete the construction, explain how the contractor will be selected.

2. Refer to paragraph 42 of the application regarding the estimated annual operation and maintenance expense for the converted Big Sandy Unit 1 after the unit is placed in service. Provide a detailed schedule of how the \$4,684,000 annual operation and maintenance expense was determined.

3. Refer to page 9 of the Direct Testimony of Robert L. Walton where it states, "To meet these needs (natural gas volumes) Kentucky Power plans to rely predominantly on daily spot market natural gas purchases as other AEP affiliates have historically done for operation of their peaking gas-fired generating plants."

a. Identify the plans, other than to use the spot market, that Kentucky Power has for securing its natural gas supply.

b. Given the recent increase in natural gas costs, what consideration has Kentucky Power given to hedging its natural gas supply?

4. Refer to page 11 of Exhibit RLW-2 regarding the options for the S burners. In each option it states, "Due to the composition of the gas not being that of pipeline quality natural gas. . . ." Explain what is meant by this statement.

5. Provide Kentucky Power's plans for financing the conversion of Big Sandy Unit 1 to natural gas.

6. a. State whether there are any substations currently on the Big Sandy plant footprint or in the vicinity of the plant.

b. If the answer to part a. is yes, provide a description and purpose of each substation.

c. If the answer to part a. is yes, provide any future plans of operation for each substation once Big Sandy Unit 1 is converted to natural gas and is operational.

d. If the answer to part a. is yes, explain whether there will be any subsequent capital investment or retirement and any change in operation and maintenance costs once Big Sandy Unit 1 is converted to natural gas and is operational.

7. a. State whether there are any transmission lines currently on the Big Sandy plant footprint or in the vicinity of the plant.

b. If the answer to part a. is yes, provide a description and purpose of each transmission line.

c. If the answer to part a. is yes, provide any future plans of operation for each transmission line once Big Sandy Unit 1 is converted to natural gas and is operational.

d. If the answer to part a. is yes, explain whether there will be any subsequent capital investment or retirement and any change in operation and maintenance costs once Big Sandy Unit 1 is converted to natural gas and is operational.

8. Refer to Exhibit RLW-3 of the Direct Testimony of Robert L. Walton of the Application. Provide pages 1-3 of Exhibit RLW-3.

9. At the bottom of page 8 and continuing on page 9 of Scott Weaver's direct testimony, he discusses the gas needs of Unit 1 when it is operating primarily as a peaking unit.

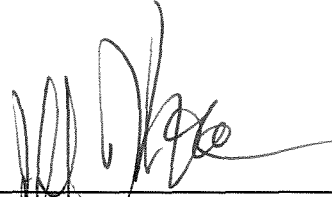
a. Before the conversion to gas, was Big Sandy Unit 1 used primarily as a peaker?

b. What are the Kentucky Power projections concerning the capacity factor of Big Sandy unit 1 after conversion and its availability to clear in the PJM market?

c. How does this peaking statement merge with the statements on page 6 of Weaver's testimony where he proposes that Big Sandy Unit 1 will be able to provide generation ancillary services such as synchronized reserves, day-ahead reserves and voltage support to transmission providers?

10. Refer to page 6 of the direct testimony of Robert Walton, where he states, "Big Sandy Unit 1 is expected to experience a slight decrease in its output capability, from the current 278 MW net summer rating to an expected 268 MW net summer rating while burning natural gas. The average heat rate for the converted unit is expected to be slightly higher than the current heat rates at those same load points."

- a. Explain the reason for the 10 MW net summer rating drop upon converting the Big Sandy Unit 1 plant to natural gas.
- b. Provide the current heat rate at Big Sandy Unit 1.
- c. What is the expected heat rate for Big Sandy Unit 1 when it is converted?



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cc: Parties of Record

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