

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY POWER)	
COMPANY FOR (1) APPROVAL OF AN)	CASE NO.
ECONOMIC DEVELOPMENT RIDER; (2) FOR)	2014-00336
ANY REQUIRED DEVIATION FROM THE)	
COMMISSION'S ORDER IN ADMINISTRATIVE)	
CASE NO. 327; AND (3) 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 within 14 days of the date of issuance of this request. 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.

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 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 the last bullet point beginning at the bottom of page 7 of the Application, and to the table just above titled SBDD–Percentage Demand Charge Reduction. Provide an example, with reference to the table, showing what is meant by the explanation that the demand charge will be waived “beginning at 36 months for a 10-year contract and concluding at 12 months for a six-year contract.”

2. Refer to page 10, paragraph 19, of the Application which discusses the verification burden of providing discounts related to the Supplemental Billing Demand Discount (“SBDD”) on a job-by-job basis. Explain how Kentucky Power plans to verify the number of jobs added; whether it expects to verify the number of jobs added periodically; and what action it will take, if any, if it discovers there has been a significant gain or loss in jobs over the course of the discount period that would put the customer in a different discount category.

3. Refer to the proposed Tariff E.D.R., page 1, Availability of Service section. Explain why customers or potential customers served pursuant to Tariff M.G.S. Medium General Service Sheet Nos. 8-1 through 8-5 are not candidates for the proposed tariff.

4. Refer to the proposed Tariff E.D.R., page 2, subsection (7). State under what conditions a customer served pursuant to the proposed tariff would not be required to make a contribution-in-aid of construction for the installed cost of facilities, and identify the specific existing tariff provisions in Sheet 2-5, Section 9, that will be superseded by the proposed subsection (7).

5. Refer to proposed Tariff E.D.R., pages 3-4, subsection (8), and the section titled Determination of Incremental Billing Demand Discount. Clarify whether the language in subsection (8) is correct with reference to the statement that the minimum demand charge provision “is waived for the first 36 months of a 10 year contract. . . .” If the language of subsection (8) is as intended by Kentucky Power, explain why the discount periods are different from those in the Determination of Incremental Billing Demand Discount section. If a correction is needed, provide revised proposed tariff sheets.

6. Refer to the Customer Notice, Exhibit 3, page 3. Confirm that the \$9,211,125 Applicable Discount Year 1 for CIP – TOD, (IBDD+SBDD) is incorrect and provide the correct number.

7. Refer to page 18 of the Direct Testimony of John A. Rogness, III (“Rogness Testimony”), lines 9 through 11. Provide additional explanation, including sample calculations, showing the effect of not including the minimum billing demand

charge in periods when the reduction is 30 percent or greater and clarify why this is necessary.

8. Refer to page 25 of the Rogness Testimony. Lines 16–19 state that reduction of a customer’s discounts to cover the cost of purchased capacity will be capped so that the non-discounted tariff demand charge will be the customer’s maximum demand charge. If there are purchased capacity costs not covered by the customer’s discount reductions, state how the remaining cost will be recovered.

9. Provide the special contract language mentioned on line 11, page 25, of the Rogness Testimony, which is intended to address the cost of capacity purchases on behalf of a customer.

10. Refer to pages 31-32 of the Rogness Testimony, Finding 9. Confirm that Kentucky Power proposes to recover a minimum of 80 percent of the customer-specific cost according to the terms of its proposed Tariff E.D.R., page 2, subsection (7). State how Kentucky Power proposes to recover any remaining customer-specific fixed cost.

11. Refer to page 32 of the Rogness Testimony, Finding 12. Confirm that there is no minimum base level proposed for new industrial customers, and that the entire load of a new customer meeting the eligibility requirements will receive the proposed discount. If this is the case, state whether Kentucky Power believes it is reasonable for the Commission to waive this requirement of Finding 12 along with the supporting facts Kentucky Power used in reaching its conclusion.

12. State whether Kentucky Power has discussed the proposed Tariff E.D.R. with any eligible existing or potential customer to determine the level of interest in the proposed tariff.

13. State whether Kentucky Power considered establishing a load factor requirement as part of its eligibility criteria for proposed Tariff E.D.R., and provide the basis for its decision not to include such a requirement.

14. Explain in detail the decision-making process Kentucky Power will use in determining which of the five discount periods to offer to a potential Tariff E.D.R. customer.



Jeff Derqueb
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DATED NOV 06 2014

cc: Parties of Record

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