

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE 2015 INTEGRATED RESOURCE PLAN OF EAST) CASE NO.
KENTUCKY POWER COOPERATIVE, INC.) 2015-00134

COMMISSION STAFF'S SUPPLEMENTAL REQUEST FOR INFORMATION TO
EAST KENTUCKY POWER COOPERATIVE, INC.

East Kentucky Power Cooperative, Inc. ("EKPC"), 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 on or before September 14, 2015. 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 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.

EKPC 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 EKPC 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. When filing a document containing personal information, EKPC shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the document so that personal information cannot be read.

1. Refer to EKPC's Integrated Resource Plan ("IRP"), page 81, Table 8.(3)(b)(1-11)-1. For each unit that is retired or is to be retired in the near future other than Dale Station Units 3 and 4, describe in detail EKPC's plans for the physical assets and facilities once those units are retired.

2. Refer to EKPC's IRP, page 202, where it states, "An additional one-year extension beyond April 2016 may be feasible if a federal compliance order is obtained." State the actions, if any, has EKPC taken or will take with respect to the one-year extension?

3. Refer to EKPC's IRP, Technical Appendix, Volume 2, Exhibit DSM-9, regarding the Demand-Side Management and Renewable Energy Collaborative ("Collaborative").

a. Explain whether an annual report for the Collaborative for 2014 has been filed with the Commission. If not, explain whether and when an annual report will be filed for 2014.

b. Provide an update of the Collaborative's activities, including its plans for the future.

4. Refer to EKPC's response Commission Staff's First Request for Information ("Staff's First Request"), Item 4. Provide a general description of the impacts the proposed purchase from Bluegrass Generation Company, LLC ("Bluegrass"), if approved, will have on the assumptions and conclusions contained in EKPC's 2015 IRP, particularly as they relate to capacity additions and reserves.

5. Refer to EKPC's response to Staff's First Request, Item 7. Describe what actions EKPC and its 16 member distribution cooperatives ("Member Cooperatives") have taken to standardize demand-side management ("DSM") and energy-efficiency programs' names and promotional information in order to minimize advertising, promotion and marketing expenses.

6. Refer to EKPC's response to Staff's First Request, Item 8, regarding KEMA's Assessment of Evaluation, Measurement and Verification ("EM&V") for DSM programs. Provide a copy of KEMA's Assessment of EM&V report.

7. Refer to EKPC's response to Staff's First Request, Item 10.a., and page 15 of 19 of the same response, which is the "Years For Normal Weather" page of the Itron report on EKPC's 2013 Weather Normalization Survey.

a. EKPC's response to Item 10.a. indicates that EKPC's analysis of 15, 20, and 30 years of weather history for the period ending March of 2014 reflects little

difference in the number of Heating Degree Days or Cooling Degree Days in the three periods of time. Given that it has historically used 30 years to determine normal weather, explain why EKPC specifically chose 15 years and 20 years as the other time periods to include in its analysis.

b. The chart on page 15 indicates that the percentage of respondents using 30 years as the period of time to determine normal weather declined from 43 in Itron's 2006 survey to 33 in its 2013 survey. The chart also reflects that the percentage of respondents using ten years to determine normal weather increased from 16 in 2006 to 28 in 2013, making ten years the second-most-frequent period of time used, after 30 years (33 percent vs. 28 percent), to determine normal weather. Explain why EKPC did not include ten years in its analysis of different time periods discussed in its response to 10.a.

8. Refer to EKPC's response to Staff's First Request, Item 11, which states, "It is difficult to state the exact amount of DSM program costs currently in EKPC's base rates because the last base rate case, Case No. 2010-00167,¹ was the result of a black box settlement. The rate case utilized a forecasted test year which was the 12 months ending December 31, 2011." Refer also to the Commission's January 14, 2011 Order in Case No. 2010-00167, pages 21-22, which states, "We note that, in this case, EKPC projected a level of transfer payments under its DSM programs of \$1.5 million for its forecasted test year." Explain whether EKPC considers \$1.5 million to be the DSM amount included in its base rates.

¹ Case No. 2010-00167, *Application of East Kentucky Power Cooperative, Inc. for General Adjustment of Electric Rates* (Ky. PSC Jan. 14, 2011).

9. Refer to EKPC's response to Staff's First Request, Item 11. EKPC's response to Item 11.a. references the amount of DSM program costs in EKPC's base rates. Describe in general what impacts the August 20, 2015 Base Residual Auction results in PJM Interconnection, LLC's new Capacity Performance construct are expected to have on EKPC's DSM/EE cost/benefit analyses and future efforts for energy efficiency.

10. Refer to EKPC's response to Staff's First Request, Item 11.b., page 15 of 28. Explain the drop in the number of SimpleSaver switches installed from 2013 to 2014.

11. Refer to EKPC's response to Staff's First Request, the table shown in Item 12, and to Item 24. The table in EKPC's response to Item 12 shows the projected 1 percent goal of annual retail savings from 2015-2020. EKPC's response to Item 24 states that "EKPC's customer base is more heavily residential, more rural, poorer, has a much higher share of households headed by a person over the age of 65, and the housing stock has a much greater share of manufactured and mobile homes than the state as a whole."

a. Identify the customer class, or classes, from which EKPC expects to achieve the 1 percent of annual retail savings goal by 2020 and explain how it intends to achieve that goal.

b. Explain whether EKPC plans any formal discussions on this goal with its Member Cooperatives' residential, commercial, and industrial customers.

12. Refer to EKPC's response to Staff's First Request, Item 17, which states, "EKPC observed the lower-than-expected transmission loss values for 2012 and 2013.

However, EKPC was unable to substantiate why those values would have decreased on a permanent basis. There were no structural improvements documented to support a permanent reduction in transmission losses.”

a. Explain whether EKPC has reviewed all of its interconnection points for the accurate flow of energy.

b. Explain whether EKPC is aware of any of its Member Cooperatives' having experienced higher-than-normal line losses.

c. Since the recent loss results appear significant, explain whether there has been any further analysis of the situation for an explanation and, if so, provide the results of the analysis.

13. Refer to EKPC's response to Staff's First Request, Item 17, and EKPC's IRP, Table 3-5 on pages 41-42. EKPC's response to Item 17 refers to "lower-than-expected transmission loss values for 2012 and 2013." It also states that "EKPC used its historical assumption in developing the load forecast going forward." The request referred to (a) average losses for the 11 years, 2003-2013, included in the table and (b) average losses for the last six years, 2008-2013, in the table.

a. Clarify the period of time and specific years EKPC relied upon for its "historical assumption."

b. If the period of time relied upon by EKPC is the 11 years in the table, explain why the forecasted losses are 3.3 percent or greater when the average for those 11 years is 3.05 percent.

c. If the period of time relied upon by EKPC is something other than the 11 years in the table, explain why the alternative period of time was chosen.

14. Refer to EKPC's response to Staff's First Request, Item 25. Historically, some heat pump systems required a supplemental heating system when temperatures were below 30 degrees, approximately. Explain whether the use of space heaters for additional heating generally occurs in conjunction with heat pump systems.

15. Identify all net metering facilities in the service territories of EKPC's member cooperatives, the location of each facility (by county), the applicable member cooperative serving the owner of that facility, the type of facility, the amount of power (kilowatt capacity) the facility is capable of generating, and the amount of energy the facility contributed in 2014.

16. Refer to EKPC's response to Staff's First Request, Item 40, which explains that the "Best 1" plan is EKPC's optimal resource plan, based on the ranking of system profit and risk parameters in the RTSim model. The data on page 2 of EKPC's response show the "Best 1" plan with the greatest system profit and lowest risk factor among the five plans modeled. Clarify whether the "Try" numbers on page 2 reflect the number of iterations or something else related to the ranking of the plans.

17. Refer to EKPC's IRP, Section 3.4.1.3 on page 63, and its responses to Staff's First Request, Items 42 and 43. EKPC states that it and its member systems maintain regular contact with large industrial and commercial customers.

a. Explain who initiates these contacts and whether there is a staff position with responsibility for such contacts.

b. Explain whether a typical method is used and a regular time interval utilized in making such contacts.

18. Refer to EKPC's 2014 Load Forecast, Table 4.1.1 and the related text on page 26, and its response to Staff's First Request, Item 46, which includes an update of the table.

a. Clarify whether the County Total Household numbers in the original table have an impact on the 2014 Load Forecast or are provided solely for comparison to the numbers shown as the Member-System Portion of the total households.

b. Provide a revision of the sentence following Table 4.1.1 which includes the new beginning and ending County Total Household numbers reflected in the updated table.

19. Refer to EKPC's response to Staff's First Request, Item 47, and its 2014 Load Forecast, Exhibit LF-1. Confirm that the study in Exhibit LF-1 is the same study included in EKPC's March 31, 2015 post-case filing in Administrative Case No. 387.²

20. Refer to the response to Staff's First Request, Item 66 regarding the Clean Power Plan ("CPP") and the newly created National Uniform Carbon standards.

a. Having had the opportunity to further study the details of the CPP since filing this response, what preliminary steps, actions, or choices has EKPC considered, or identified, in relation to future compliance with the final rule?

b. Under the final CPP rule, generally explain the impact of EKPC's proposed acquisition of Bluegrass's existing simple-cycle combustion turbine facilities under both a rate-based scenario and a mass-based approach.

² Administrative Case No. 387, *A Review of the Adequacy of Kentucky's Generation Capacity and Transmission System* (Ky. PSC Dec. 20, 2001).

c. As set forth under the final CPP rule, identify the advantages and disadvantages of a rate-based approach as compared to a mass-based approach and explain which of the two compliance regimes would be more achievable from EKPC's perspective.



Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED **AUG 28 2015**

cc: Parties of Record

*Gregory T Dutton
Assistant Attorney General
Office of the Attorney General Utility & Rate
1024 Capital Center Drive
Suite 200
Frankfort, KENTUCKY 40601-8204

*East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707

*Stefanie J Kingsley
Assistant Attorney General
Office of the Attorney General Utility & Rate
1024 Capital Center Drive
Suite 200
Frankfort, KENTUCKY 40601-8204

*Honorable Michael L Kurtz
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*David S Samford
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KENTUCKY 40504