

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF	)	
THE FUEL ADJUSTMENT CLAUSE OF	)	CASE NO.
KENTUCKY POWER COMPANY FROM MAY 1,	)	2016-00001
2015 THROUGH OCTOBER 31, 2015	)	

COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION  
TO KENTUCKY POWER COMPANY

Kentucky Power Company ("Kentucky Power"), pursuant to 807 KAR 5:001, is to file with the Commission an original in paper medium and an electronic version of the following information. The information requested herein is due within ten days of the date 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 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. 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 Kentucky Power's response to the Commission's February 5, 2016 Request for Information ("Commission's First Request"), Item 6, KPCO\_R\_PSC\_1\_6\_Attachment1.xls.

a. Explain why the grand total in the Revenue column for each month does not reconcile with the Total Sales for Resale Revenues shown on page 2 of 2 of the System Sales Clause filing for the same month. For example, the grand total shown in cell G190 for May 2015 is \$6,169,537.35. The Total Sales for Resale Revenues shown on page 2 of 2 for the System Sales Clause filing for May 2015 is \$6,132,574.

b. If the response to part a. above is that the amounts should not reconcile, explain why the amounts reconciled for the months of November 2014 and February 2015 during the previous review period.

2. Refer to Kentucky Power's response to the Commission's First Request, Item 8. The second contract listed on page 1 of 2 is a contract between Ohio Power Company and Alpha Coal Sales, and supplies the Mitchell station. The contract shown on page 2 of 2 is between Ohio Power Company, Consolidation Coal Company, and McElroy Coal Company, also for supply to the Mitchell station. Explain why Kentucky Power is not a party to these contracts and state the benefits and risks of this arrangement.

3. Refer to Kentucky Power's response to the Commission's First Request, Item 25. The question should have asked whether all fuel contracts related to commodity and/or transportation had been filed with the Commission instead of specifying long-term contracts. State whether all contracts have been filed.

4. Refer to Kentucky Power's response to Commission Staff's Second Request for Information ("Staff's Second Request"), Item 2.a. Page 1 of 3 of the response states that Kentucky Power became a party to a rail use agreement and a barge transportation agreement on September 12, 2013, "given its duties as Operator of the Mitchell generation station." The response also states that the use of the rail car services for the Big Sandy station during the review period was limited to May 2015.

a. Explain the correlation between Kentucky Power becoming an operator of the Mitchell Station and the need for the use of rail car services at the Big Sandy station.

b. State whether Kentucky Power contracted for rail car services for the Big Sandy station prior to September 2013.

c. Provide the percentage of coal delivered by rail, truck, and barge to the Big Sandy station each month from January 2013 through October 2015.

5. Refer to Kentucky Power's response to the Staff's Second Request, Item 2.c.

a. The response states that "KPCO\_R\_PSC\_2\_2\_Attachment1 represents a portion of the charges included in the 1510001 coal inventory piles for the Big Sandy generating station and the Mitchell generating station." Attachment 1 to the response is the AEP System Rail Car Use Agreement. Confirm that the agreement was the intended attachment for this statement.

b. Refer to page 15 of 15 of Attachment 1. State to which agreement this page is an appendix.

6. Refer to Kentucky Power's response to the Staff's Second Request, Item 2, Attachment 3.

a. Explain why the barging charges for September 2015 for the Mitchell station were considerably higher than for the other five months of the review period.

b. Provide this schedule for the months of November 2014 through April 2015.

7. Explain how the existence of the rail car use agreement and barge transportation agreement impact the analysis of coal bids received by Kentucky Power.

8. Refer to Kentucky Power's response to the Staff's Second Request, Item 3. The response provides a heat rate of 10,400 Btu/kWh for the months of September through May, and a heat rate of 10,800 Btu/kWh for the months of June through August,

used to calculate the cost of the hypothetical simple cycle gas turbine. State whether these heat rates are for maximum load (most efficient level) at which it is expected the hypothetical unit could operate during those months.

9. Refer to the supplemental responses to Staff's Second Request filed by Kentucky Power on March 15, 2016. Confirm that the only difference in the original and supplemental responses is the identification of the witness in the supplemental responses.

  
James W. Gardner  
Acting Executive Director  
Public Service Commission  
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DATED MAR 18 2016

cc: Parties of Record

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