

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC EXAMINATION OF THE)	
APPLICATION OF THE FUEL ADJUSTMENT)	CASE NO.
CLAUSE OF KENTUCKY POWER COMPANY)	2016-00230
FROM NOVEMBER 1, 2015 THROUGH APRIL)	
30, 2016)	

COMMISSION STAFF'S SECOND 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, six copies in paper medium, and an electronic version of the following information. The information requested herein is due within 14 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 August 12, 2016 Request for Information ("August 12, 2016 Request"), Item 25. Confirm that, for the review period, copies of the following have been filed with the Commission. If an item has not been filed, explain why it has not been filed and provide a copy.

- a. Long-term purchase contracts for coal, natural gas, or fuel oil;
- b. Spot or short-term purchase contracts for coal, natural gas, or fuel oil;
- c. Master agreements for coal, natural gas, or fuel oil;
- d. Purchase confirmations relating to the master agreements for coal, natural gas, or fuel oil. (For voluminous natural gas purchases, if the utility filed documentation such as monthly invoices or a listing of transactions showing date,

quantity purchased, and price in lieu of filing the purchase confirmations, confirm that such documentation was filed.);

e. Copies of all natural gas transportation agreements;

f. Copies of all transportation agreements relating to barging, trucking, rail, etc.

2. Refer to Kentucky Power's response to the August 12, 2016 Request, Item 26.

a. Confirm that the May 2, 2002 and October 3, 2002 Orders in Case No. 2000-00495-B¹ pertained to the recovery of non-economy power purchases through the fuel adjustment clause ("FAC") and did not address forced outage situations.

(1) If this can be confirmed, explain in detail why Kentucky Power believes that the "peaking unit equivalent" is applicable during a forced outage situation.

(2) If this cannot be confirmed, provide the basis for Kentucky Power's belief that the Orders in Case No. 2000-00495-B relate to forced outages.

b. Refer to KPCO_R_PSC_1_26_Attachment1_Redacted.xls, tab 01-2016, row 29.

(1) Confirm that this row shows that Mitchell Unit 2 suffered a forced outage totaling 395 MW, but only 287 MW of purchased power was used in the determination of the amount to be excluded for recovery through the FAC related to the forced outage because Kentucky Power was able to generate additional power to make up the difference.

¹ Case No. 2000-00495-B, *An Examination by the Public Service Commission of the Fuel Adjustment Clause of American Electric Power Company from May 1, 2001 to October 31, 2001* (Ky. PSC May 2, 2002, and Oct. 3, 2002).

(a) If this cannot be confirmed, explain how the 287 MW was calculated.

(b) If this can be confirmed, explain why Kentucky did not use the entire 395 MW in the calculation of the total substitute cost of the forced outage; 287 MW being replacement purchased power and 108 MW being replacement power generated from its own generation resources.

(2) Confirm that, when calculating the amount to be excluded for recovery through the FAC, if Kentucky Power had used the lesser of the assigned cost (\$23.531/MWh) versus the substitute cost (\$28.15/MWh) for recovery through the FAC, \$1,322.64 would have been excluded for recovery rather than the \$456.55 excluded by Kentucky Power.

(3) By month for the review period, recalculate the amount that would have been excluded for recovery through the FAC using both replacement generation and replacement power in the calculation of total substitute cost compared to the assigned cost of the unit suffering a forced outage. (The peaking unit equivalent rate should not be used in the calculation.) Include in the response the supporting calculations in Excel spreadsheet format with the formulas intact and unprotected. For each month, compare the revised amount with the amount Kentucky Power excluded for recovery.

c. Explain in detail how the generation cost (\$/MWh) of the unit suffering a forced outage is calculated. Include in the response the time period over which the data is collected.

3. Refer to Kentucky Power's response to the August 12, 2016 Request, Item 28.

a. Refer to KPCO_R_PSC_1_28_Attachment1_Redacted.xls, tab Jan16Act, and KPCO_R_PSC_1_28_Attachment1_Confidential.xls, tab Jan16Act. Explain why the Grand Totals in cells T750 differ between the two spreadsheets.

b. Explain why the Generation Cost \$/MWh varies between Mitchell units 1 and 2 each month.

c. Explain why the Generation Cost \$/MWh sometimes varies widely for the same unit from one month to the next month.



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Public Service Commission
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DATED SEP 21 2016

cc: Parties of Record

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