

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC EXAMINATION OF THE)	
APPLICATION OF THE FUEL ADJUSTMENT)	
CLAUSE OF KENTUCKY POWER)	CASE NO.
COMPANY FROM NOVEMBER 1, 2014)	2017-00001
THROUGH OCTOBER 31, 2016)	

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 the original with six copies 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 in paper medium 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 Staff's Second Request for Information ("Staff's Second Request"), Item 1. Explain the "certain modifications" that Kentucky Power states are not relevant to this response.

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

- a. The response states that the actual price paid by Kentucky Power is not practicable to use in the peaking unit equivalent calculation because the calculation is made hourly and uses a daily determined gas price.

- (1) State whether Kentucky Power performs this "hourly calculation" in real time or at month end. If at month end, explain why Kentucky Power should not be directed to use either the average price or the highest price paid for natural gas during the month for each hourly calculation of its peaking unit equivalent. If

in real time, explain why Kentucky Power should not be directed to use either the average price or the highest price paid for natural gas during the prior month for each hourly calculation of its peaking unit equivalent.

b. The response states that if a change to the peaking-unit-equivalent calculation is ordered by the Commission, “the methodology should be modified to include all associated costs to deliver gas to a peaking unit in addition to using, as is the current practice, the Platts Gas Daily Columbia Gas Appalachian price for natural gas.”

(1) List the “associated costs” referenced in the response.

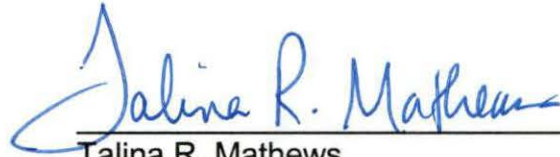
(2) State whether Kentucky Power is suggesting that it be allowed to include both the actual price paid for natural gas plus the Platts Gas Daily price. If not, explain what is meant by the reference to using “in addition . . . as is the current practice, the Platts Gas Daily Columbia Gas Appalachian price for natural gas.” If so, explain why this would be reasonable.

(3) For each month of the review period, starting with the month Big Sandy unit 1 began operation as a natural gas unit, provide a comparison of: 1) the Platts price used in the peaking unit equivalent calculation; 2) each price paid for natural gas purchased for Big Sandy unit 1; and 3) each delivered price of natural gas purchased for Big Sandy unit 1. Include detailed supporting calculations for the delivered prices used in the comparison.

3. Refer to Kentucky Power’s response to Staff’s Second Request, Item 4. State whether the .014 should be negative .014.

4. Refer to Kentucky Power’s response to Staff’s Second Request, Item 8, which states, “Kentucky Power received an allocation of the virtual transactions based

on the Power Coordination Agreement among KPCo and the other parties to the Power Coordination Agreement." For each month of the two-year review period, provide the amount of this allocation and the effect it had on Kentucky Power's System Sales Clause.



Talina R. Mathews
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Public Service Commission
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DATED MAR 28 2017

cc: Parties of Record

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