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PUBLIC SERVICE  
COMMISSION

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November 30, 2012

**HAND DELIVERED**

Jeff R. Derouen  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602-0615

Mark R. Overstreet  
(502) 209-1219  
(502) 223-4387 FAX  
moverstreet@stites.com

RE: *The Matter Of: The Application Of Kentucky Power Company For An Order Approving Accounting Practices To Establish Regulatory Assets And Liabilities Related To The Extraordinary Expenses Incurred By Kentucky Power Company In Connection With Four 2012 Major Storm Events, Case No. 2012-00445*

Dear Mr. Derouen:

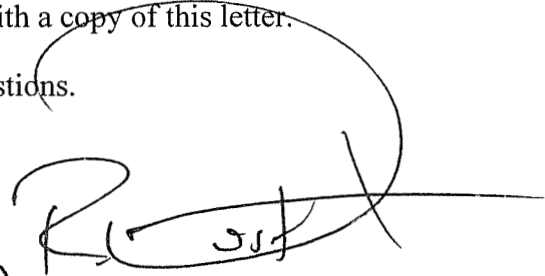
Enclosed please find and accept for filing the original and six copies of the Company's responses to the Staff's data requests in the above matter.

Copies of the responses also are being served on counsel for Kentucky Industrial Utility Customers, Inc. and the Office of the Attorney General along with a copy of this letter.

Please do not hesitate to contact me if you have any questions.

Very truly yours,

Mark R. Overstreet



MRO

Enclosure

cc: Jennifer B. Hans (with enclosure)  
Michael L. Kurtz (with enclosure)

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PUBLIC SERVICE  
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE

PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF

THE APPLICATION OF KPCO FOR AN ORDER )  
APPROVING ACCOUNTING PRACTICES TO )  
ESTABLISH REGULATORY ASSETS AND )  
LIABILITIES RELATED TO THE EXTRAORDINARY ) Case No. 2012-00445  
EXPENSES INCURRED BY KPCO IN CONNECTION )  
WITH FOUR 2012 MAJOR STORM EVENTS )

KENTUCKY POWER COMPANY RESPONSES TO COMMISSION  
STAFF'S FIRST SET OF DATA REQUESTS

November 30, 2012





**Kentucky Power Company**

**REQUEST**

Refer to paragraph 4 of the application and the response to Item 1 of Commission Staff's First Request for Information ("Staff's First Request"). Reconcile the difference in the number of overhead drops indicated in the application of approximately 180,000 to the number of overhead drops indicated in the response to Item 1 of approximately 150,107.

**RESPONSE**

Paragraph 4 of the Application erroneously listed total service drops, including underground, outdoor light accounts and street light accounts, as overhead drops. The 150,107 customers listed in the Company's response to Item 1 of Commission Staff's First Request for Information correctly reported the number of overhead drops other than lighting accounts.

**WITNESS:** Ranie K Wohnhas



**Kentucky Power Company**

**REQUEST**

Provide the latest date that an order could be issued in this case after December 31, 2012 that would allow Kentucky Power to record the regulatory asset on its books for the fiscal year ending December 31, 2012

**RESPONSE**

January 8, 2013.

**WITNESS:** Ranie K Wohnhas





**Kentucky Power Company**

**REQUEST**

Refer to Kentucky Power's application, Exhibit 1, and the response to Item 7 of Staff's First Request.

- a. Do the amounts reflected in column 3 titled "Storm Damage Expense Excluding In-House Labor" reflect costs associated with any Major Event Storms, or do the amounts reflect only costs associated with Non-Major Event storms?
- b. If the answer to 3.a. is only costs associated with Non-Major Event storms, why is the Three-Year Total Storm Damage amount of \$904,953 deducted from the Major Event Storm Damage Incremental Amount in the Company's response to Item 7, page 3 of 12, considering the fact the Company incurred \$5,021,165 in Non-Major Events Storm expense in calendar year 2012 per the response to Item 12 of Staff's First Request.

**RESPONSE**

- a. Column 3 of Exhibit 1 in the Company's application is for Major Event Storms only.
- b. N/A

WITNESS: Ranie K Wohnhas



**Kentucky Power Company**

**REQUEST**

For the most recent ten years, or the most number of years the information is available, provide the total yearly storm-damage expense, excluding in-house labor, broken down by Major Event Days and Non-Major Event Days.

**RESPONSE**

Provided below is the total yearly storm damage expense, excluding in-house labor, broken down by major event and non-major event.

	<u>Major Event</u>		
<u>Year</u>	<u>O&amp;M</u>	<u>Capital</u>	<u>Removal</u>
2004	\$ 2,368,399	\$ 288,905	\$ 200,748
2005	\$ 146,055	\$ (107,561)	\$ (8,665)
2006	\$ 280,967	\$ 253,761	\$ 76,661
2007	\$ 498,269	\$ 335,446	\$ (59,189)
2008	\$ 61,254	\$ 162,435	\$ 57,072
2009	\$28,168,685	\$5,851,239	\$1,002,959
2010	\$ 76,231	\$ 613,821	\$ (284,174)
2011	\$ 2,948,034	\$1,197,784	\$ 178,444

Non-Major Event

<u>Year</u>	<u>O&amp;M</u>	<u>Capital</u>	<u>Removal</u>
2004	\$ 2,764,284	\$ 222,207	\$ 26,448
2005	\$ 3,197,275	\$ 216,544	\$ 89,995
2006	\$ 2,551,989	\$ 557,049	\$105,857
2007	\$ 2,454,017	\$ 560,564	\$ 47,865
2008	\$ 2,974,514	\$1,283,519	\$277,302
2009	\$ 3,712,183	\$ 984,204	\$125,492
2010	\$ 2,695,799	\$ 674,432	\$ 57,129
2011	\$ 4,179,447	\$1,303,985	\$125,763

**WITNESS:** Ranie K Wohnhas



**Kentucky Power Company**

**REQUEST**

Refer to the response to Item 7.b. of Staff's First Request. Provide updated schedules as of the most recent date for which the information is available.

**RESPONSE**

The information provided in response to Staff's First Request Item 7.b. is the most recent data available. The Company will provide updated data when all the entries for November have been booked. The Company anticipates this should be no later than December 10, 2012.

**WITNESS:** Ranie K. Wohnhas



**Kentucky Power Company**

**REQUEST**

How long has Kentucky Power followed IEEE Standard 1366 to determine a Major Event Day?

**RESPONSE**

Kentucky Power began to utilize the IEEE Standard 1366 method for categorizing Major Event Days for its internal use in 2005. The Company transitioned to exclusive use of the IEEE methodology for its Major Event Day determinations in regulatory reporting following the Order dated October 26, 2007, in KPSC Case No. 2006-00494.

**WITNESS:** Ranie K Wohnhas





**Kentucky Power Company**

**REQUEST**

Provide a listing of all regulatory assets relating to storm damage that Kentucky Power has requested and been granted for the last ten years. Include a description of the event, case reference, when the regulatory asset was established on Kentucky Power's books and the amount of the asset when established, and the current balance of the regulatory asset related to storm expense.

**RESPONSE**

<u>Description</u>	<u>Case Reference</u>	<u>Regulatory Asset Established (1)</u>	<u>Amount (1)</u>	<u>Current Balance (2)</u>
January, February, May & December 2009 Storms	2009-00352/ 2009-00459	12/31/2009 4/30/2010	\$24,355,055 \$23,492,206	\$12,529,184

This is the only regulatory asset relating to storm damage that Kentucky Power has requested or been granted during the last ten years.

(1) Original amount at 12/31/2009 included an estimate for December storms. True-up for actuals from December storms occurred at 4/30/2010.

(2) Balance as of 10/31/2012.

**WITNESS:** Ranie K. Wohnhas



**Kentucky Power Company**

**REQUEST**

Refer to paragraph 40 of the application and the response to Item 7.b. of Staff's First Request.

- a. Provide a detailed schedule of the costs considered to be normal operations in the amount of \$1,229,702. Include all supporting calculations and documentation.
- b. Explain why this amount has decreased from \$1,349,764 in the application to \$1,229,702 in the response to Item 7.b.

**RESPONSE**

- a. Please see Attachment 1 of this response for a summary of the non-incremental O&M expenses that support the \$1,229,702. The detail support and documentation for these numbers is found in response to KPSC 1-7, pages 5 through 12.
- b. The \$120,062 difference between the amount in the application and response to Item 7.b. are summarized as follows:

Straight Time Labor	(\$113,990)
Incentives	\$ 380
Other Overheads	\$ 500
Fleet	\$ 3,460
Cell Phone	\$ 45
D.H. Elliot	<u>(\$ 10,457)</u>
Total	(\$120,062)

The majority of the straight time labor difference reflects a change in the O&M/Capital split for the Derecho storm. The D.H. Elliot difference is for actual invoices versus the Company's estimates. All of the other differences reflect changes in allocations based on labor related incidentals for the Wind, Derecho and Thunder storms.

**WITNESS:** Ranie K Wohnhas

**Kentucky Power  
 Major Event Cost Recap**

NON-INCREMENTAL DISTRIBUTION O&M EXPENSE						Totals, Non-Incremental Dist O&M Expense
02/19/12	03/02/12	06/29/12	07/05/12			
SNOW STORM	WIND STORM	DERECHO	THUNDER STORM			
Dollars \$	112,228 \$	104,892 \$	(49,695) \$	23,790 \$		191,215
Regular Time						
Salary & Wage						
ST Fringes	12,454 \$	3,047 \$	5,710 \$	- \$		21,211
Other Labor Fringes	(317) \$	(1,928) \$	808 \$	24 \$		(1,413)
Incentives	(33,962) \$	(18,226) \$	54,083 \$	4,958 \$		6,853
All Other Overheads	49,360 \$	(1,227) \$	161,429 \$	(1,909) \$		207,653
<b>Total Salary &amp; Wages</b>	<b>\$ 139,763</b>	<b>\$ 86,558</b>	<b>\$ 172,335</b>	<b>\$ 26,863</b>		<b>\$ 425,519</b>
Transportation						
Fleet	243,254 \$	113,234 \$	147,659 \$	29,223 \$		533,370
<b>Total Transportation</b>	<b>\$ 243,254</b>	<b>\$ 113,234</b>	<b>\$ 147,659</b>	<b>\$ 29,223</b>		<b>\$ 533,370</b>
Other Cost Category						
Cell Phone	5,265 \$	2,407 \$	16,886 \$	584 \$		25,142
External Communications	- \$	1,047 \$	- \$	- \$		1,047
<b>Total Other Cost Category</b>	<b>\$ 5,265</b>	<b>\$ 3,454</b>	<b>\$ 16,886</b>	<b>\$ 584</b>		<b>\$ 26,189</b>
<b>TOTAL IN HOUSE COSTS</b>	<b>\$ 388,282</b>	<b>\$ 203,246</b>	<b>\$ 336,880</b>	<b>\$ 56,670</b>		<b>\$ 985,078</b>
Outside Contracted Services						
D.H. Elliot	124,946 \$	32,162 \$	64,561 \$	22,955 \$		244,624
<b>TOTAL OUTSIDE CONTRACTED SERVICES</b>	<b>\$ 124,946</b>	<b>\$ 32,162</b>	<b>\$ 64,561</b>	<b>\$ 22,955</b>		<b>\$ 244,624</b>
<b>Total Non-Incremental Distribution O&amp;M Expense</b>	<b>\$ 513,228</b>	<b>\$ 235,408</b>	<b>\$ 401,441</b>	<b>\$ 79,625</b>		<b>\$ 1,229,702</b>