

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY POWER)
COMPANY FOR APPROVAL OF THE TERMS)
AND CONDITIONS OF THE RENEWABLE)
ENERGY PURCHASE AGREEMENT FOR)
BIOMASS ENERGY RESOURCES BETWEEN) CASE NO.
THE COMPANY AND ECOPOWER) 2013-00144
GENERATION-HAZARD LLC; AUTHORIZATION)
TO ENTER INTO THE AGREEMENT; GRANT)
OF CERTAIN DECLARATORY RELIEF; AND)
GRANT OF ALL OTHER REQUIRED)
APPROVALS AND RELIEF)

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 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 June 17, 2013. 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.

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.

1. Refer to the Response to Items 6 and 7 of Commission Staff's First Information Request ("Staff's First Request"). In the Response to Item 6, Kentucky Power states that the Renewable Energy Power Agreement ("REPA") "would be a very small addition that only assists with the Company's total capacity and energy needs after the Company's base load is covered by the Mitchell transfer." In the Response to Item 7, Kentucky Power states that when approached by ecoPower in 2011 concerning the REPA, Kentucky Power was evaluating options for the disposition of its Big Sandy generating station and that it eventually entered into the REPA to provide flexibility in meeting future load growth.

a. Identify with specificity when the REPA would enable Kentucky Power to meet its future load requirements.

b. Would the capacity and energy associated with the REPA still be needed if Kentucky Power were to ultimately determine that repowering Big Sandy 1 would be the most cost-effective disposition for that generating unit?

c. The Response to Item 7 of Staff's First Request also mentions that Kentucky Power evaluated the financial and accounting impacts of the REPA. Provide any and all documentation related to the financial and accounting analysis performed by, or on behalf of, Kentucky Power, including any and all supporting workpapers in electronic format.

2. Refer to the Response to Item 9 of Staff's First Request. Provide the evaluation that was performed on behalf of Kentucky Power concerning the REPA.

3. Refer to the Response to Item 11 of Staff's First Request. Did ecoPower conduct an economic study or analysis associated with its biomass generating facility? If so, provide a copy of the economic study or analysis.

4. Refer to the Response to Item 12 of Staff's First Request. Confirm that the \$28.4 per MWh¹ used in the avoided fuel cost calculation represents the amount of fuel costs included in Kentucky Power's base rates.

5. Refer to the Response to Item 17 of Staff's First Request. State when a decision is expected to be made regarding the future of Big Sandy Unit 1.

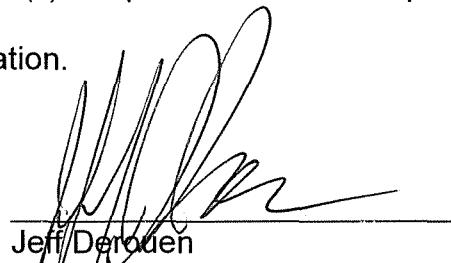
¹ Kentucky Power's Response to Item 12 states the amount as "28.4 m/kWh;" however, Commission Staff assumes the response meant to state the amount as "28.4 per MWh."

6. Refer to the Response to Item 15 of the Attorney General's Initial Set of Data Requests. The response states that Kentucky Power will attempt to sell any excess energy in the off-system sales market.

a. When calculating fuel costs for inclusion in the monthly fuel adjustment clause ("FAC") filing, a utility stacks its energy from lowest cost to highest cost, with the highest cost energy being allocated to off-system sales. If the REPA is approved along with a surcharge (since the cost of the REPA energy would be paid by the surcharge and therefore would result in a zero cost to Kentucky Power for FAC purposes), would the REPA power always be allocated to Kentucky Power's retail customers rather than to off-system sales? If not, explain.

b. If the REPA is approved along with a surcharge, state whether the kWh purchased under the REPA would be included at a zero cost in the calculation of the monthly FAC factor. If not, explain how it would be accounted for in the monthly FAC calculation.

c. Provide any other potential impact(s) the purchase of REPA power could have on Kentucky Power's monthly FAC calculation.



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cc: Parties of Record

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