

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 FIRST REQUEST FOR INFORMATION
TO KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

Kentucky Industrial Utility Customers, Inc. ("KIUC"), 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 July 31, 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.

KIUC 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 KIUC 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 page 6 of the Direct Testimony of Alan S. Taylor (“Taylor Testimony”), lines 2-3, where Mr. Taylor refers to having recently “seen 20-year REPA proposals offered at contract prices that are less than a third of the ecoPower REPA’s price.” Provide a list identifying the parties that offered such prices and, if the offer ultimately resulted in a contract, the counter-party/buyer under the contract.

2. Refer to page 11 of the Taylor Testimony, specifically the last two sentences in the paragraph immediately preceding the question near the bottom of the page, which concerns construction having already started on the “Chipper Building” that is part of the ecoPower project. According to the first page of his testimony, Mr. Taylor’s “area of specialization is in the economic and financial analysis of renewable and conventional power supply options. . . .” Explain why, in the latter of the two sentences referenced, Mr. Taylor states that ecoPower may (emphasis added) already be in a

position to qualify for federal renewable production tax credits rather than definitely stating that ecoPower will or will not qualify for the credits.

3. Refer to page 15 of the Taylor Testimony wherein Mr. Taylor states that he performed two analyses using Kentucky Power Company's ("Kentucky Power") response to Item 10 of KIUC's second information request. Provide the supporting workpapers for the two analyses.

4. Refer to page 6 of the Direct Testimony of Lane Kollen ("Kollen Testimony"). Beginning at line 10, Mr. Kollen states that "the Company actually will benefit from the REPA because it will retain 40% of the margins from additional off-system sales ("OSS") through the operation of the System Sales Clause."

a. Does Mr. Kollen make this statement because he believes the Renewable Energy Power Agreement ("REPA") power sold to Kentucky Power will result in additional off-system sales for Kentucky Power? If not, explain.

b. Does Mr. Kollen agree that if the REPA is approved, that the REPA purchases would be allocated entirely to Kentucky Power's native load? If not, explain.

5. Refer to pages 10-11 of the Kollen Testimony. Starting at the bottom of page 10, Mr. Kollen states that Kentucky Power estimates that the cost of the REPA will be offset by \$12.78 million in avoided fuel costs, "presumably through the Fuel Adjustment Clause. . . ." Is Mr. Kollen aware that the avoided fuel costs were calculated by multiplying 450,000 MWh by \$28.40 per MWh and that the \$28.40 per MWh is based on the \$.0284 per kWh of fuel costs that are included in Kentucky Power's base rates?

6. Refer to the Direct Testimony of Paul Coomes, page 5 of his exhibit. Explain how the \$10,886,229 cost of wood fuel and \$10,705,486 cost of coal fuel were calculated.



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Dated **JUL 19 2013**

cc: Parties of Record

Case No. 2013-00144

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