

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF: THE APPLICATION OF THE FUEL :
ADJUSTMENT CLAUSE OF KENTUCKY POWER COMPANY : **Case No. 2014-00225**
FROM NOVEMBER 1, 2013 THROUGH APRIL 30, 2014 :

KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.'s
FIRST SET OF DATA REQUESTS
TO
KENTUCKY POWER COMPANY

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Dated: September 5, 2014

DEFINITIONS

1. "Document(s)" is used in its customary broad sense and includes electronic mail and all written, typed, printed, electronic, computerized, recorded or graphic statements, memoranda, reports, communications or other matter, however produced or reproduced, and whether or not now in existence, or in your possession.
2. "Study" means any written, recorded, transcribed, taped, filmed, or graphic matter, however produced or reproduced, either formally or informally, a particular issue or situation, in whatever detail, whether or not the consideration of the issue or situation is in a preliminary stage, and whether or not the consideration was discontinued prior to completion whether preliminary or final.
3. If any document requested herein was at one time in existence, but has been lost, discarded or destroyed, identify such document as completely as possible, including the type of document, its date, the date or approximate date it was lost, discarded or destroyed, the identity of the person (s) who last had possession of the document and the identity of all persons having knowledge of the contents thereof.
4. "Person" means any natural person, corporation, professional corporation, partnership, association, joint venture, proprietorship, firm, or the other business enterprise or legal entity.
5. A request to identify a natural person means to state his or her full name and residence address, his or her present last known position and business affiliation at the time in question.
6. A request to identify a document means to state the date or dates, author or originator, subject matter, all addressees and recipients, type of document (e.g., letter, memorandum, telegram, chart, etc.), number of code number thereof or other means of identifying it, and its present location and custodian. If any such document was, but is no longer in the Company's possession or subject to its control, state what disposition was made of it.
7. A request to identify a person other than a natural person means to state its full name, the address of its principal office, and the type of entity.
8. "And" and "or" should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.
9. "Each" and "any" should be considered to be both singular and plural, unless specifically stated otherwise.
10. Words in the past tense should be considered to include the present, and words in the present tense include the past, unless specifically stated otherwise.
11. "You" or "your" means the person whose filed testimony is the subject of these interrogatories and, to the extent relevant and necessary to provide full and complete answers to any request, "you" or "your" may be deemed to include any person with information relevant to any interrogatory who is or was employed by or otherwise associated with the witness or who assisted, in any way, in the preparation of the witness' testimony.
12. "Kentucky Power" means Kentucky Power Company and/or any of their officers, directors, employees or agents who may have knowledge of the particular matter addressed.

INSTRUCTIONS

1. If any matter is evidenced by, referenced to, reflected by, represented by, or recorded in any document, please identify and produce for discovery and inspection each such document.
2. These interrogatories are continuing in nature, and information which the responding party later becomes aware of, or has access to, and which is responsive to any request is to be made available to Kentucky Industrial Utility Customers. Any studies, documents, or other subject matter not yet completed that will be relied upon during the course of this case should be so identified and provided as soon as they are completed. The Respondent is obliged to change, supplement and correct all answers to interrogatories to conform to available information, including such information as it first becomes available to the Respondent after the answers hereto are served.
3. Unless otherwise expressly provided, each interrogatory should be construed independently and not with reference to any other interrogatory herein for purpose of limitation.
4. The answers provided should first restate the question asked and also identify the person(s) supplying the information.
5. Please answer each designated part of each information request separately. If you do not have complete information with respect to any interrogatory, so state and give as much information as you do have with respect to the matter inquired about, and identify each person whom you believe may have additional information with respect thereto.
6. In the case of multiple witnesses, each interrogatory should be considered to apply to each witness who will testify to the information requested. Where copies of testimony, transcripts or depositions are requested, each witness should respond individually to the information request.
7. The interrogatories are to be answered under oath by the witness(es) responsible for the answer.
8. Responses to requests for revenue, expense and rate base data should provide data on the basis of Total Company as well as Intrastate data, unless otherwise requested.

**KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.'s
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KENTUCKY POWER COMPANY
Docket No. 2014-00225**

- Q.1-1. With respect to Kentucky Power's sales to its two FERC all-requirements wholesale customers (City of Olive Hill and City of Vanceburg), please provide the following information.
- a) For FAC purposes, are these sales classified as native load or off-system sales? Please explain the basis for your classification.
 - b) Please provide the fuel adjustment billings to Olive Hill and Vanceburg for each of the six months under review. Please provide this electronically, with all formulas attached.
 - c) Please provide the fuel adjustment clause filings with FERC used to determine the fuel adjustment billings to Olive Hill and Vanceburg for each of the six months under review.
 - d) For each of the six FAC review months, please indicate whether the FAC rate for retail load in Kentucky was more, less or the same as the FAC rate for Olive Hill and Vanceburg. Please provide the analysis used to support this answer electronically, with all formulas attached. Reconcile and explain all differences between the FAC rate for retail load and the FAC rate for Olive Hill and Vanceburg.
 - e) Please provide the most recent audit by FERC Staff of the fuel adjustment charges to the Cities of Olive Hill and Vanceburg.
 - f) Are the Cities of Olive Hill and Vanceburg charged "no-load" fuel costs in the same manner as retail load in Kentucky? If no, then please explain why not.
- Q.1-2. Please refer to your response to Staff 1-25.
- a) During the period under review please identify all credits, rebates, reimbursements or payments received by Kentucky Power from PJM. If any such credits, rebates, reimbursements or payments were not credited to the FAC then please explain why not.
 - b) Are any of the PJM charges included in Kentucky Power's FAC subject to reconciliation or true up? If yes, does Kentucky Power flow through to the FAC any such reconciliation or true up?
 - c) Please describe how the PJM charge for marginal line losses is calculated?
 - d) Are the mWh level of off-system sales a factor in PJM's calculation of Kentucky Power's allocated share of marginal line losses? If yes, please explain.
 - e) Please provide complete copies of the monthly billing statements received by Kentucky Power from PJM.
 - f) The Marginal Line Loss dollar amounts shown on Response to Staff 1-25 Attachment 1 page 1 of 1 sum to \$10,203,602 for the six month review period. Is this Marginal Line Loss dollar

amount net of Marginal Loss Credits (sometimes referred to as Marginal Loss Surplus) provided by PJM? If yes, then please break out the dollar amounts into gross and net marginal losses. If no, then please identify the Marginal Loss Credits received by or on behalf of Kentucky Power for each month of the review period.

- g) For each month of the period January 2103 through April 2014, please identify the Marginal Loss Credits received by or on behalf of Kentucky Power from PJM.
- h) If Marginal Loss Credits are provided to Kentucky Power on other than a monthly basis, then please provide the Marginal Loss Credits that Kentucky Power will receive or has received for operations over the six month review period.
- i) Does the FAC billings to Kentucky Power's two FERC all-requirements wholesale customers reflect Marginal Loss Credits received from PJM? Please explain.
- j) Please refer to the attached pages from the 2014 Quarterly State of the Market Report for PJM. The Report indicates that for the first six months of 2014 Total Marginal Loss Costs in PJM increased by 103.5% from the prior year. The Report also states that Marginal Loss Credits for the same period increased by 101.6%. If Kentucky Power is not crediting the FAC for the Marginal Loss Credits received from PJM, then please provide a detailed explanation of why not.

Q.1-3. Please refer to your response to Staff 1-29(e).

- a) Please answer the question as originally posed by Staff.

Q.1-4. With respect to Kentucky Power's 15% interest in Rockport Units 1 and 2, please provide the following.

- a) For each of the six months under review, please provide the monthly billing statements and all supporting documentation received by Kentucky Power for its 15% interest in Rockport Units 1 and 2.
- b) Does Kentucky Power have any control over the dispatch of the Rockport units? If yes, then please identify the individual employee(s) of Kentucky Power with such control and please explain how that control is used.
- c) For each hour over the six-month review period, please identify the mWh provided by each Rockport unit and the associated fuel cost.
- d) Please provide copies of the lease agreements for each of the Rockport Units.

Q.1-5. With respect to the margins from off-system sales earned by Kentucky Power for each month over the six-month review period, please provide the following.

- a) How many mWh were sold off-system?
- b) How much revenue was received?
- c) What was the total fuel cost?
- d) What was the fuel cost per mWh?

- e) What was the total variable cost for each mWh sold?
 - f) What was Kentucky Power's total margin from off-system sales for each month? Provide all after the fact (cost reconstruction settlement) analyses and calculations performed to quantify these margins, including the calculations of the credits to fuel and purchased power expense reflected in the FAC. Please provide this electronically with all formulas intact.
- Q.1-6. Please explain Kentucky Power's method for allocating Marginal Loss Costs and Marginal Loss Credits between: 1) retail native load; 2) FERC all-requirements wholesale customers; and 3) off-system sales.
- Q.1-7. Please refer to your answer to Staff 1-29(a). With respect to "no-load" fuel costs, please provide the following information for each month of the six-month review period, for each unit including Rockport 1 & 2, Mitchell 1 & 2, and Big Sandy 1 and 2.
- a) The dollar amount of no-load fuel costs assigned to: 1) Kentucky native load; 2) the two FERC all-requirements wholesale customers; and 3) off-system sales.
- Q.1-8. For each month of the review period, please provide the peak demand and total kwh usage for: 1) Kentucky native load; 2) the two FERC all-requirements wholesale customers and 3) off-system sales.
- Q.1-9. In response to Staff 1-1, the Company provided a monthly billing summary of sales to all electric utilities for the period November 1, 2013 through April 30, 2014. Please provide the same information, but expand the period to January 1, 2013 through April 30, 2014, and also indicate if the sale was firm or non-firm. Also, provide the information electronically in spreadsheet format.
- Q.1-10. Please provide a monthly billing summary of purchases (in the same format as provided in response to Staff 1-1) made from all electric utilities for the period January 1, 2013 through April 30, 2014, and also indicate if the purchase was firm or non-firm. Please provide the information electronically in spreadsheet format.
- Q.1-11. Please provide the hourly load requirements (sales + losses), and also separately, hourly sales data for the period of January 1, 2013 through April 30, 2014, as used in the post-period cost reconstruction settlement process for:.
- a) Kentucky Power retail load requirements by hour.
 - b) City of Olive Hill load requirements by hour.
 - c) City of Vanceburg requirements by hour.
- Q.1-12. For Big Sandy 1 & 2, Rockport 1 & 2, Mitchell 1 & 2, during the period of January 1, 2013 through April 30, 2014, provide the following that was used in the post-period cost reconstruction settlement process and used to develop fuel adjustment costs.
- a) Minimum operating capacity. Provide revised values if and when any changes occurred during the specified period.

- b) Maximum operating capacity. Provide revised values if and when any changes occurred during the specified period.
- c) Unit heat rate curve coefficients (see also Kentucky Power Response to Staff 1-29a). Provide revised values if and when any changes occurred during the specified period.
- d) Unit Fuel cost (\$). Provide hourly values.
- e) Unit O&M cost (\$) Provide hourly values.
- f) Unit Emissions costs (\$). Provide this by emissions type and provide hourly values.
- g) Unit environmental consumable costs (\$) (see also Kentucky Power Response to Staff 1-29 (f)) Provide this by type of environmental consumable cost and provide hourly values.
- h) Any other type of cost not addressed in parts a through g above (\$). Provide this by type of cost and provide hourly values.
- i) Unit generation by unit by hour during the specified period (MWH).
- j) Unit MBTU consumption by unit by hour during the specified period (MBTU).

Q.1-13. Please provide hourly sales information for sales made to all electric utilities for the period January 1, 2013 through April 30, 2014. For each hour and for each sale, identify the hour, name of the party energy was sold to, sale energy for the hour (MW), sale rate for the hour (\$/MWH), and sale dollars for the hour. Provide this information electronically in spreadsheet format.

Q.1-14. Please provide hourly purchase information for purchases made from all electric utilities for the period January 1, 2013 through April 30, 2014. For each hour and for each purchase, identify the hour, name of the party energy was purchased from, purchase energy for the hour (MW), purchase rate for the hour (\$/MWH), and purchase dollars for the hour. Provide this information electronically in spreadsheet format.

Q.1-15. Please provide a comparison of the most recent energy budget covering the forecasted period of November 1, 2013 to April 30, 2014, to the actual results for that same period. In providing the comparison, please include the following data by month:

- a) Kentucky Power retail load requirements (MWH)
- b) Kentucky Power wholesale all-requirements load requirements (MWH)
- c) Energy produced by unit (MWH)
- d) MBTUs consumed by unit (MBTU)
- e) Cost of energy by unit, by cost component (fuel, emissions, O&M, etc)
- f) Off System Energy sales and any other sales made by energy sales type (MWH)
- g) Revenue received by each energy sales, and broken down by capacity vs energy (\$)
- h) Purchases by purchase type (MWH)

- i) Cost paid for each purchase, and broken down by capacity vs energy (\$)
- Q.1-16. The response to Staff 1-26 discussed the exclusion of purchase power when forced outages occurred. Please provide an analysis showing how replacement power costs were identified for forced outages and removed from the fuel adjustment for the period of November 1, 2013 to April 30, 2014. Please provide this electronically, with all formula intact.
- Q.1-17. Please provide any unit commitment and dispatch logs the Company developed for dispatching its units (including the Rockport units) for the period November 1, 2013 through April 30, 2014.
- Q.1-18. Please provide the Company's GADS database including information about the Company's units (including the Rockport units) covering the period November 1, 2013 through April 30, 2014.
- Q.1-19. Please provide any documentation manuals, reports, memos, power point presentations, testimony, etc, documenting the operation of the Company's FAC cost reconstruction settlement process. If documentation has changed or was updated over the period of November 1, 2013 and April 30, 2014, please provide both the original and the updated documentation. The response to this question should include the internal accounting documents used by AEP or Kentucky power to develop its Kentucky FAC filings.
- Q.1-20. Please provide the analyses and all workpapers, electronically with all formulas attached, used to perform the Company's cost reconstruction settlement process for the period November 1, 2013 through April 30, 2014.
- Q.1-21. If not provided in response to the preceding question, please provide:
- a) an analysis, electronically with all formulas attached, showing the hourly stacking process used to identify the generation used to serve 1) retail native load, 2) FERC all-requirements wholesale load, and 3) off-system sales; and
 - b) an analysis, electronically with all formulas intact, showing the heat rate calculations, the fuel costs, and all other costs used in developing the fuel adjustment clause charges.
- Q.1-22. Regarding the Standard Fuel Adjustment Clause filings the Company makes containing estimated data for each month, please provide the following for the months including September 2013 through June 2014.
- a) A copy of the filing letter.
 - b) All spreadsheets that are used in creating the filing letter. Please provide these electronically, with all formulas intact.
 - c) Any other spreadsheets that are used to develop any data used in the filing. Please provide these electronically, with all formulas intact.
 - d) Any documentation that exists that provides further information about the calculations that are performed including any manuals, reports, memos, power point presentations, testimony, etc.

Q.1-23. Regarding the Standard Fuel Adjustment Clause **Backup** filings the Company makes containing actual data for each month, please provide the following for the months including September 2013 through June 2014.

- a) A copy of the filing letter.
- b) All spreadsheets that are used in creating the filing letter. Please provide these electronically, with all formulas intact.
- c) Any other spreadsheets that are used to develop any data used in the filing. Please provide these electronically, with all formulas intact.
- d) Any documentation that exists that provides further information about the calculations that are performed including any manuals, reports, memos, power point presentations, testimony, etc.

Respectfully submitted,



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September 5, 2014

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