

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
SECOND SET OF DATA REQUESTS
TO
KENTUCKY POWER COMPANY

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Dated: September 23, 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.

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- Q.2-1. Refer to the Company’s response to Staff 2-4(b)(1). The question asked the Company to “[s]tate whether Kentucky Power’s generating units are producing power during the time that ‘no load’ costs are incurred.” The Company did not answer this specific question in its response.
- a. Please answer this specific question.
 - b. Please indicate whether the Company’s generating units produce power during the time that so-called no-load costs are incurred.
 - c. In the Company’s response, it refers to “minimum loads.” Is it the Company’s position that the terms “no-load” and “minimum load” are interchangeable? If not, please define and source the definition used for each term and differentiate the terms and the specific manner in which the Company uses those terms.
- Q.2-2. Refer to the Company’s response to Staff 2-4(b)(1) in which it states: In the event that the sum of the unit minimums exceeds KPCo’s internal load, the sum of all of the units remaining costs, excluding the no load costs, is computed on a \$/MWh basis, and this cost is assigned to the MWhs of any remaining off-system sales. The remainder of these costs are allocated to internal load.
- a. Please describe the “units remaining costs, excluding the no load costs.” Provide an example showing the computation of the “units remaining costs.”
 - b. Please describe the basis for the MWh used to compute the \$/MWh. Is it the difference between the unit minimum and the so-called no load or something else?
 - c. Please describe the term “remaining off-system sales.” Provide an example showing how the “remaining off-system sales” are calculated.
 - d. Provide an example taking the example provided in response to part (a) of this question through the computation of the \$/MWh basis, assignment to the MWhs of any remaining off-system sales and the allocation of the remainder of the costs to internal load. Describe each step of the computation.
 - e. Please confirm that when “[t]he remainder of these costs are allocated to internal load, it is not done on a \$/MWh basis, but rather is the residual after the \$/MWh “cost is assigned to the MWhs of any remaining off-system sales.”
 - f. Please explain why the Company excludes the so-called no load costs from this calculation.

- Q.2-3. Refer to the Company's response to KIUC 1-2(d) wherein it states: "*The PJM marginal losses are subsequently allocated to internal load only at the volume of the internal load.*"
- a. Please describe the allocation process. The Company's response to KIUC 1-6 ostensibly does so, but does so only generally, and does not provide the actual calculation and/or sources of data "*associated with the generation that was used to generate the off-system sales.*"
 - b. Please provide an example of the allocation process. Describe each step in the calculation, explain why the Company performs the step in that manner, and identify the source of the information used in the calculation.
- Q.2-4. Refer to the Company's response to KIUC 1-7 wherein the Company states that "*[n]o-load' costs are not associated with specific increments of generation, and thus are not allocated to off-system sales. They thus remain with native load costs.*" If the so-called no-load costs are not associated with specific increments of generation, then why are they not allocated across all generation, i.e., on a \$/MWh basis to all generation, including native load and off-system sales.
- Q.2-5. In regards to the Kentucky Power Cost Allocation Manual referenced in the Company's response to PSC 1-29,
- a. If it has not been provided, please supply a copy electronically, or reference the DR in which it has been provided.
 - b. Is this Manual up-to-date with the most current methodology? If yes, when was it last revised? If no, please provide a detailed explanation of the changes that have been made to the power cost allocation procedures, and provide the most up-to-date allocation documentation that does exist, electronically.
 - c. Does the Company contend that its allocation of fuel costs to off-system sales, as discussed in PSC 1-29(b), has been revised in the post period reconstruction process as of the termination of the AEP Interconnection Agreement, and the acquisition of the Plant Mitchell assets? Please explain the specific changes that were implemented, and provide any documentation that exists explaining the changes, including any programming specifications that exist.
- Q.2-6. With regards to the Company's response to KIUC 1-5, and for the months of January 2014 through April 2014,
- a. Please provide a workpaper, electronically, showing how the total variable cost in the Company's response to KIUC 1-5 e was developed, and please reconcile it each month with the fuel cost data for the same months found in the attachment - KIUC_1_5_Attachment1.xls.

- b. Please reconcile the monthly Off-System Sales fuel cost found in the attachment KIUC_1_5_Attachment2.xls (for example, January cell W591), to the Off-System Sales fuel cost allocated to Native Load and Off-System Sales in the attachment KIUC_1_5_Attachment1.xls (See rows 29 and 31 in each tab).
 - c. Please reconcile the Generation (MWH) Allocated to Off System Sales and Total Accounting Cost (\$) found in KIUC_2_20_Attachment3.xls to the same values found in KIUC_1_5_Attachment1.xls.
 - d. Please refer to KIUC_1_8_Attachment1_CONFIDENTIAL.pdf, page 1, and reconcile the Total Internal load column (MWH) and the System Sales (MWH) columns to the corresponding columns in KIUC_1_5_Attachment1.xls.
- Q.2-7. Please refer to Company response to KIUC 1-7, related to no-load costs, specifically KIUC 1_7 attachment 1.xlsx, and with regard to the months of January 2014 through April 2014, and please provide the requested information electronically,
- a. Please provide all underlying data assumptions (hourly or otherwise) used to develop this table of “no-load costs” electronically with formulas intact.
 - b. Please provide all “no-load” cost calculations hourly by unit.
 - c. Please provide a narrative explanation for the methodology used to calculate the table provided in KIUC 1-7 and any additional steps or methods used to break down this table to an hourly level of detail by unit.
 - d. Please provide any additional information, data, assumptions, or descriptions to independently recreate the table based on hourly data, by unit.
 - e. Please provide an explanation or additional assumptions regarding purchase power as it may apply in this context.
- Q.2-8. Please provide a narrative explanation for how the heat rate coefficients provided in KIUC 1-12 Attachment 2 were derived month by month.
- Q.2-9. In regards to KIUC 1-8 attachment 1,
- a. Please provide this data by hour, with customer class, jurisdiction, losses, and sales broken out, in electronic worksheet format
 - b. It appears there is an error in the March 2014 losses column. If so, please provide the corrected value.

- Q.2-10. In regards to the attachments provided in KIUC 1-9 (Purchases) and KIUC 1-10 (Sales),
- a. Please provide column descriptions
 - b. Please provide an abbreviation key for any column of descriptions, that have not already been supplied.
- Q.2-11. In the same format as the Economic Min and Max data were supplied in the response to KIUC 1-12, file KIUC_1_12_Attachment1.xls, please provide the following data for all hours in the period between January 1, 2014 and April 30, 2014, and for all units, as found in the reconstruction example for 1 hour (KIUC_1_21_Attachment1.xlsx):
- a. Col H – Incremental Dispatch Cost at Output for Actual
 - b. Col BA – Fuel Rate (\$/MBTU)
 - c. Col BD – OM Price (\$/MBTU)
 - d. Col BB – Handling Rate (\$/MBTU)
 - e. Col BC – Chemicals Rate (\$/MBTU)
 - f. Col AN – Nox Market Price (\$/Ton)
 - g. Col Q – Nox Volume (conversion factor)
 - h. Col AW – Nox Curve Slope
 - i. Col AX – Nox Curve Intercept
 - j. Col AO – Sox Market Price (conversion factor)
 - k. Col AL – Nox Inventory Rate
 - l. Col AU - SOX Curve Slope
 - m. Col AV – SOX Curve Intercept
 - n. Col AM – SOX Inventory Rate
 - o. Col H - Purchases Inc Cost a (No need to supply this if already provided in KIUC 1-14).
 - p. Col AI – Purchases \$/MWH (No need to supply this if already provided in KIUC 1-14).
 - q. Col AJ – Purchases MWH (No need to supply this if already provided in KIUC 1-14).
 - r. Col F, Row 12 Load Obligation
 - s. Col F, Row 13 Marginal Load Adjustment
 - t. Col F, Row 14, Spot Market Energy Sales (No need to supply if already provided in KIUC 1-13).
 - u. Though not included in KIUC 1-21, provide the corresponding hourly spot market energy sales revenue.

- Q.2-12. Assuming that the fuel costs that flow through the FCA were recreated from the process depicted in the sample reconstruction found in KIUC_1_21_Attachment1.xlsx, but for all hours between January and April 2014, would that resulting monthly fuel cost for both native load and off-system sales be expected to match the results in KIUC_1_5_Attachment1.xls. If not, why not, and please provide a reconciliation of the two.
- Q.2-13. The Company's response to PSC 2 – 4 a states that other variable costs are included in the “no load” costs, including fuel handling, chemicals/consumables,, emissions allowances, and variable operation and maintenance expenses. It also states these costs are subsequently removed from the FAC calculation and do not flow through the FAC.
- a. Does this mean that for the purpose of developing the incremental dispatch costs, used in the Off-System Sales reconstruction, the other variable costs are included in that step of the analysis?
 - b. If that is correct, please explain the purpose in the example found in KIUC 1-21 of determining the accounting components, other than Fuel Cost, if the rest of the costs do not flow through the FAC.
- Q.2-14. Please reconcile the purchase power transaction energy provided in KIUC 1-21 as associated with the April 3, 2014 Hour 16 example, with the purchase transaction documentation provided in KIUC 1-14 Attachment 2. It appears that the purchase power value appearing in the example, occurred in a different hour and on a different day (April 4th) in KIUC 1-14 Attachment 2.
- Q.2-15. In regards to the company's response to KIUC 1-21, provide the following electronically, with all formulas intact, and any associated files included,
- a. Please provide the PowerTracker System; please provide this system as a dynamic model with full functionality.
 - b. Please provide the PowerTracker System input data files used in the reconstruction process for 2014.
 - c. Please provide all output files, logs, summary reports, and additional information associated with reconstruction process for 2014.
 - d. Please provide all associated documentation, this should include a user's manual and specific assumptions or settings used in the Company's reconstruction Process.
 - e. Please provide a summary of options that are available and the flexibility in changing constraints within the model.

Q.2-16. Refer to the Forced Outage Rate Adjustment that flows through the FCA (KIUC_1_16_Attachment1.xls), please provide the same analysis for all hours each month for the months of January 2014 through April 2014.

Respectfully submitted,



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