

VERIFICATION

The undersigned, John A. Rogness III, being duly sworn, deposes and says he is the Director Regulatory Services for Kentucky Power, that he has personal knowledge of the matters set forth in the forgoing responses for which he is the identified witness and that the information contained therein is true and correct to the best of his/her information, knowledge and belief.



John A. Rogness III

COMMONWEALTH OF KENTUCKY)
) Case No. 2016-00230
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by John A. Rogness III, this the 2nd day of November 2016.



Notary Public

My Commission Expires: January 23, 2017

Kentucky Power Company

REQUEST

Refer to 807 KAR 5:056, Sections 1 (3)(a), 1 (3)(b) , and 1 (4), relating to forced outages. State whether Kentucky Power interprets these sections of the regulation to mean that, during a forced outage (as defined by the regulation), the amount recoverable through the FAC is the lesser of the assigned cost of power (the cost of fuel that would have been used in plants suffering a forced outage) and the substitute cost of power. If yes, explain in detail how Kentucky Power calculates the assigned cost of fuel during a forced outage. If no, explain in detail how Kentucky Power interprets the regulation related to forced outages and how it calculates the assigned cost of fuel during a forced outage.

RESPONSE

During a forced outage (as defined by the regulation), the amount recoverable through the FAC is the lesser of the assigned cost of power (the cost of fuel that would have been used in plants suffering a forced outage or, in accordance with the Commission's Order in Case No. 2000-00495-B, the cost derived for the Company's hypothetical Peaking Unit Equivalent) or the substitute cost of power. A detailed calculation is provided in KPCO_R_PSC_1_26_Attachment1_Confidential.xls. Confidential treatment is being sought for the indicated portions of this attachment.

November 2, 2016 Amended Response

During a forced outage (as defined by the regulation) the assigned cost of fuel is the lesser of: (a) the substitute cost of power; or (b) the cost of the Company's highest cost of generation available to serve native load during that FAC expense month. The costs reviewed in determining the Company's highest cost of generation available to serve native load during an FAC expense month include (but are not limited to): (i) the cost calculated for the Company's hypothetical peaking unit equivalent in accordance with the Commission's May 2, 2002 and October 3, 2002 Orders in Case No. 2000-00495-B; and (ii) the cost of the unit suffering the forced outage if it was available to serve native load during the FAC expense month at issue. A detailed calculation was provided in KPCO_R_PSC_1_26_Attachment1_Confidential.xls that was filed with the Company's original response. Confidential treatment is being sought for the indicated portions of that attachment.

WITNESS: John A Rogness