

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF APPLICATION OF KENTUCKY POWER :
COMPANY (1) A GENERAL ADJUSTMENT OF ITS RATES FOR :
ELECTRIC SERVICE; (2) AN ORDER APPROVING ITS 2017 : **Case No 2017-00179**
ENVIRONMENTAL COMPLIANCE PLAN; (3) AN ORDER :
APPROVING ITS TARIFFS AND RIDERS; (4) AN ORDER :
APPROVING ACCOUNTING PRACTICES TO ESTABLISH :
REGULATORY ASSETS AND LIABILITIES; AND (5) AN ORDER :
GRANTING ALL OTHER REQUIRED APPROVALS AND RELIEF :

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

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UTILITY CUSTOMERS, INC.**

Dated: August 14, 2017

DEFINITIONS

1. "Document" means the original and all copies (regardless of origin and whether or not including additional writing thereon or attached thereto) of memoranda, reports, books, manuals, instructions, directives, records, forms, notes, letters, notices, confirmations, telegrams, pamphlets, notations of any sort concerning conversations, telephone calls, meetings or other communications, bulletins, transcripts, diaries, analyses, summaries, correspondence investigations, questionnaires, surveys, worksheets, and all drafts, preliminary versions, alterations, modifications, revisions, changes, amendments and written comments concerning the foregoing, in whatever form, stored or contained in or on whatever medium, including computerized memory or magnetic media.
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.
3. "Person" means any natural person, corporation, professional corporation, partnership, association, joint venture, proprietorship, firm, or the other business enterprise or legal entity.
4. 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.
5. 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.
6. 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.
7. "And" and "or" should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.
8. "Each" and "any" should be considered to be both singular and plural, unless specifically stated otherwise.
9. 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.
10. "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.
11. "AEP" means American Electric Power and/or any of their officers, directors, employees, or agents who may have knowledge of the particular matter addressed.
12. "Company" or "KPC" means Kentucky Power Co. d/b/a American Electric Power, 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.

**KIUC's FIRST SET OF DATA REQUESTS
TO KENTUCKY POWER COMPANY
PSC CASE NO. 2017-00179**

- Q.1-1 Please provide all supporting workpapers, including all electronic spreadsheets in live format with all formulas intact, developed and used by each of the Company's witnesses in the preparation of their testimony and exhibits, including all tables and figures in their testimony. This request includes, but is not limited to, a working model of the class cost of service study, the model used to allocate the overall increase to rate classes, all rate design workpapers and proof of revenue analyses.
- Q.1-2 If not provided in response to the immediately preceding question, please provide the monthly peaks by rate class included in the 12CP allocator, and all supporting workpapers.
- Q.1-3 If not provided in response to the previous questions, please provide all loss factors used in developing the demand and energy allocation factors in the class cost of service study, and the loss study supporting the factors.
- Q.1-4 If not provided in response to the previous questions, please provide a copy of the load research study underlying the development of the loads used in the class cost of service study, including workpapers showing the calculation of the class loads from the load research results.
- Q.1-5 Please provide a load and capability analysis for the Company showing capacity resources, demand response resources, retail and wholesale load and reserve margin for the historic period 2013 through 2016 and the forecast period 2017 through 2027. Also include the Company's Fixed Resource Requirement capacity obligation for each year. The analysis can be presented on either a calendar year or PJM delivery year basis.
- Q.1-6 For the test year ended February 28, 2017, please identify the dates and hours of the PJM RTO Coincident Peaks (5CP), the Company loads at those hours, and the retail contributions by rate class to those loads.
- Q.1-7 Please provide the monthly mWh generation, capacity and capacity factor for Kentucky Power's share of the Mitchell coal units for the period 2015 through the present.
- Q.1-8 Please provide projected annual or PJM delivery year basis mWh generation, capacity and capacity factor for Kentucky Power's share of the Mitchell coal units for the period 2017 through 2027.
- Q.1-9 For the PJM delivery years 2013/2014 through 2020/2021, please provide the mW of capacity that any AEP Operating Company (Kentucky Power, I&M, Appalachian and AEP Ohio) sold into the PJM BRA or any incremental auction ("IA"). Show the allocation of these capacity sales by AEP Operating Company.
- Q.1-10 With regard to the response to the previous question, to the extent that Kentucky Power received revenues from any such capacity sales to the PJM BRA or IA, please provide a quantification of revenues received from such sales by year. Also state how these revenues were treated for ratemaking purposes (i.e., were these revenues credited to retail and wholesale requirements customers and, if so, what mechanism was used to implement the credit).
- Q.1-11 With regard to Mr. Satterwhite's testimony on page 11 at lines 4 to 18, please provide the following information regarding the new Braidy Industries, Inc. aluminum mill.

- a. The expected date, consistent with KPC's current load and capacity forecast, that the mill will begin operation.
 - b. The expected mW load of the mill
 - c. The expected annual energy usage of the mill
 - d. The KPC rate schedule on which the mill will take service, including the voltage level of such service. If Braidy Industries is expected to operate under a special contract, please provide any term sheet or memorandum of understanding which outlines the essential rate provisions.
- Q.1-12 For each element of PJM billing incurred by Kentucky Power, please provide the test year amount, the current method of recovery (e.g. base rates, fuel clause, etc.), and the method of recovery under the Company's proposals in this case.
- Q.1-13 With regard to Mr. Vaughan's testimony beginning on page 26, regarding the Company's proposal to include PJM LSE OATT Charges and Credits in Tariff PPA, please provide the following:
- a. a schedule showing the total amount of each of the charges and credits that would be subject to inclusion in the PPA, by year, for the period 2013 through 2017. This request seeks the total amount of the charge or credit, not the incremental amount in excess of base rate recovery.
 - b. a schedule showing, by month, for each month since the base rates became effective in Case No. 2014-00396, the incremental charges and credits that would have been included in Tariff PPA, had the current proposal to include PJM LSE OATT Charges and Credits in Tariff PPA been effective with the revised base rates from that case.
 - c. a schedule showing the Company's projected amounts of the total charges and credits included in PJM LSE OATT for the period 2018 through 2022. Separately show each of the charges and credits, by year.
- Q.1-14 Please provide the total mW of capacity and the revenues received for the PJM delivery years 2013/14, 2014/15, 2016/17 and 2017/18 that the AEP East FRR utilities (Kentucky Power, Appalachian Power, etc.) received for sales of capacity pursuant to the PJM RPM. This would include both sales into BRAs, IAs and bilateral transactions. Also provide the allocation of these revenues and mW to each of the FRR operating companies for these delivery years.
- Q.1-15 Please provide copies of the current agreements (e.g., Power Coordination Agreement) among the AEP FRR companies governing the allocation of revenues received from sales of capacity into a BRA or Incremental Auction. Please also provide any agreement which allocates transmission costs among the AEP FRR companies.
- Q.1-16 For each of the PJM delivery years 2013/14 through 2020/21, please provide the maximum mW that the AEP FRR companies can bid into the PJM BRA, IA's or bilateral capacity sales each delivery year. Provide a comparison of this maximum mW to the actual mW bid by the AEP FRR companies.
- Q.1-17 Please provide the total mW of capacity bid into the 2018/19 through 2020/21 PJM BRAs or through bilateral capacity sales by the AEP East FRR utilities, individually or as a group (Kentucky Power, Appalachian Power, etc.).
- Q.1-18 Please provide workpapers for the test year in this case showing the allocation of the PJM RTEP costs among the AEP operating companies. Also provide a description of the allocation methodology and a copy of the FERC approved agreement governing such allocations.
- Q.1-19 To the extent that an individual AEP operating company can make sales of capacity in excess of its FRR requirement, please provide a description and a copy of the agreement that would permit such a sale.

- Q.1-20 Under the existing FRR arrangement among participating AEP operating companies, could an individual company make a sale of capacity into a BRA, IA or through a bilateral transaction, and retain 100% of the sale proceeds? If so, please describe how this type of transaction would work.
- Q.1-21 If the answer to the previous questions is that an individual operating company could not make a sale on its own, please describe the changes to current agreements that would be required to facilitate such an individual company capacity sale.
- Q.1-22 Please provide a trial balance of all income statement and balance sheet accounts for each month January 2015 through February 2017. Please provide a detailed description of the costs included in each account not specifically listed in the FERC Uniform System of Accounts (“USOA”), including all subaccounts whether listed in the USOA or not.
- Q.1-23 Refer to the attachment to the Company’s response to Staff 1-19.
- a. Describe account 1080011 Cost of Removal Reserve.
 - b. Describe the reasons for the changes in the account 1080011 balance each month starting in June 2015. Provide a copy of all journal entries and any calculations and/or source documents relied on for the journal entries.
 - c. Quantify the monthly changes in account 1080011 starting in June 2015 that were due to the Big Sandy 1 coal-related and Big Sandy 2 dismantlement costs, if any.
- Q.1-24 Refer to Section V, Exhibit 2, page 14 of 60, related to Adjustment 13 (Tariff Migration Revenue Adjustment). Please provide copies of all workpapers and all electronic calculations relied upon to compute this adjustment with all formulas intact.
- Q.1-25 Refer to Section V, Exhibit 2, page 15 of 60, related to Adjustment 14 (Year End Customer Annualization Revenue Adjustment). Please provide copies of all workpapers and all electronic calculations relied upon to compute this adjustment with all formulas intact.
- Q.1-26 Refer to Section V, Exhibit 2, page 16 of 60, related to Adjustment 15 (Weather Normal Load Revenue Adjustment). Please provide copies of all workpapers and all electronic calculations relied upon to compute this adjustment with all formulas intact.
- Q.1-27 Refer to Section V, Exhibit 1, page 1. Please provide the per books amounts of operating revenues for each month during 2016 and for January and February of 2017 using the same revenue classifications portrayed on lines 1-5. Please provide in electronic format with all formulas intact.
- Q.1-28 Refer to Section V Exhibit 2 page 15 of 60.
- a. Provide the calculation of the 59.00% O&M expense as a percentage of test year revenues, including all supporting data and source references for the supporting data and electronic spreadsheets in live format with all formulas intact.
 - b. Provide all support for the proposition that the O&M expense reflected in this calculation is variable and not fixed.
- Q.1-29 Refer to Section V Exhibit 2 W41 at page 42 of 60.
- a. Provide a schedule showing additional years history of Mitchell plant maintenance expense for the 12 months ending February 28 or 29, 2014, 2013, 2012, 2011, 2010, 2009, and 2008.
 - b. For each 12 months ending February 28 or 29 during the ten year period covered on the cited page and in response to part (a) of this question, provide the major maintenance/outage expense by

Mitchell unit and by FERC O&M expense account. Provide a description of the scope of the major maintenance/outage.

- Q.1-30 Please provide a copy of each incentive compensation plan that was in effect during the test year.
- Q.1-31 Please provide the amount of incentive compensation expense pursuant to the Long Term Incentive Plan (LTIP) included in the test year revenue requirement for each target metric used for this plan during the test year. Separately provide the costs incurred directly by the Company and the costs incurred through AEPSC affiliate charges. In addition, please provide these amounts by FERC O&M and/or A&G expense account.
- Q.1-32 Please provide the LTIP target metrics for the Company and AEPSC applicable to the test year, describe how they are calculated and the source of the data used for the calculations, and provide the Company and AEPSC's actual performance against each of these metrics in the test year.
- Q.1-33 Please provide a schedule of the amortization expense associated with each regulatory asset for each year 2013 through 2016 and the test year. Provide the balance of each regulatory asset at the beginning and end of each of those years, the amortization expense recorded in each of those years, and the authorized amortization period. In addition, please source the amortization period to the Case No. in which the Commission approved the recovery and the amortization period, if any.
- Q.1-34 Please provide Exhibit JAC-1, pages 9 and 10, in electronic spreadsheet format with all formulas intact.
- Q.1-35 Please refer to Exhibit JAC-1, page 9, which shows the net salvage ratio of 1.09 included in the computation of the proposed depreciation rates for Big Sandy Unit 1. Please provide all workpapers used to compute the proposed net salvage factor in electronic spreadsheet format with all formulas intact, showing the use of the Sargent and Lundy estimates and application of the proposed 2.30% inflation factor. Be sure to provide the breakdown calculations for interim net salvage and terminal net salvage and the combination of the two to determine the net salvage ratio of 1.09.
- Q.1-36 Please refer to the Direct Testimony of Mr. Cash at pages 7 and 8 regarding the reliance on the 2013 Sargent and Lundy dismantling estimates for the terminal net salvage included in the proposed depreciation rates for Big Sandy 1. Refer also to the Commission's Order in Case No. 2014-00396 at pages 45-46.
- a. Confirm that Sargent and Lundy estimated the dismantling costs for Big Sandy 1 as a coal-fired unit, not as a natural gas-fired unit. If not, please explain.
 - b. Confirm that the Company has deferred all coal-related Big Sandy 1 dismantlement costs as incurred into a regulatory asset and recovers those costs via the Big Sandy Retirement Rider ("BSRR") pursuant to the Commission's Order in Case No. 2014-00396.
- Q.1-37 Please describe all coal-related dismantlement activities already completed and/or that are in process and the actual costs incurred for such activities at Big Sandy Unit 1. In addition, provide a schedule by month showing the actual dismantling costs incurred for Big Sandy Unit 1 and deferred into the regulatory asset, along with a copy of all source documents, including all electronic spreadsheets with all formulas intact.
- Q.1-38 Please describe all coal-related dismantlement activities already completed and/or that are in process and the actual costs incurred for such activities at Big Sandy Unit 2 and common facilities. In addition, provide a schedule by month showing the actual dismantling costs incurred for Big Sandy Unit 2 and deferred into the regulatory asset, along with a copy of all source documents, including all electronic spreadsheets with all formulas intact.
- Q.1-39 Provide a copy of the most recent depreciation study used to develop the present depreciation rates for Mitchell Units 1 and 2. If not indicated in the depreciation study, provide the terminal net salvage

component of the depreciation rates and the underlying workpaper support, including any conceptual or other studies used to develop the terminal net salvage estimate and/or percentage. If not indicated in the depreciation study, provide the probable retirement date and service life used for each unit.

- Q.1-40 Provide the most recent probable retirement date for each Mitchell unit and a copy of all studies and other support for those dates, if any. Identify the respondent, the respondent's position within AEP, and the basis for the probable retirement dates if there are no studies or other support for those dates.
- Q.1-41 Refer to the Big Sandy plant balances on Section V Exhibit 2 page 46.
- a. Separate the plant balances into pre-conversion plant and conversion plant.
 - b. Describe all overhaul/rebuild work performed on the pre-conversion Big Sandy 1 equipment/plant to enable continued use or re-use after the conversion.
 - c. Describe all new equipment/plant installed at Big Sandy 1 due to the conversion.
- Q.1-42 Refer to Section V Exhibit 2 page 60. Provide the calculation of the estimated 2017 property tax expense, including the calculation or other source of the property tax rates.
- Q.1-43 Please provide copies of all Rockport Unit Power Agreement monthly invoices billed to the Company from AEP for the period January 2015 through the most recent month available in electronic format with all formulas intact.
- Q.1-44 Please provide a schedule showing all individual costs included in the BSRR regulatory asset(s) by month from the earlier of the date costs first were incurred or the net book value of retired plant was included in the regulatory asset through the most recent months for which actual amounts are available. Describe the individual costs. In addition, show the amortization expense by month and the beginning and ending monthly balance of the regulatory asset.
- Q.1-45 Refer to the capitalization adjustments reflected on Section V, Workpaper S-3. Please provide all workpapers relied upon to quantify the removal of the \$153.631 million in BSRR/Decommissioning Removal in column 5.
- Q.1-46 Refer to the Direct Testimony of Mr. Satterwhite at page 4, lines 5-11, regarding the move of the corporate headquarters from Frankfort, Kentucky to Ashland, Kentucky in December 2016.
- a. Please confirm that there were no proforma adjustments to remove costs associated with the move of the corporate headquarters. If there were none, please explain why not.
 - b. Please provide a list of all employees and their positions that were located in Frankfort prior to the move and the same for those located in Ashland following the move.
 - c. Please indicate which employees were relocated and which employees were not.
 - d. Please provide a breakdown of all severance-related costs for employees not relocated, indicating the timing of all costs recorded and the FERC accounts in which they were recorded.
 - e. Please provide a breakdown of all relocation costs for employees that were relocated, indicating the timing of all costs recorded and the FERC accounts in which they were recorded.
 - f. Please indicate whether the corporate headquarters building in Frankfort was owned or leased. If owned by the Company, please describe the present status of the building and the Company's plans to sell, lease, or use for other purposes. If leased by the Company, please provide a detailed description of the status of the lease along with the associated costs. For instance, please describe any early-termination fees recorded in the test year or any continuing costs related to the lease.

- g. Please provide a breakdown of all moving costs incurred during the relocation, indicating the timing of all costs recorded and the FERC accounts in which they were recorded.
- h. Please provide a breakdown of all costs that could have been considered termination costs or a duplication of costs to keep both offices for a time that were incurred for the relocation, indicating the timing of all costs recorded and the FERC accounts in which they were recorded.
- i. Please describe all non-recurring one-time costs included in the test year related to the Ashland office, indicating the timing of all costs recorded and the FERC accounts in which they were recorded.
- j. Please provide copies of all pre-move and post-move in-house analyses, memorandums, or reports that were generated regarding the move and the costs related to it.

Q.1-47 Refer to Section V Workpaper S-3, which shows \$0 for short term debt on an adjusted basis. Please provide all decision criteria that led to this amount of short-term debt rather than some greater amount on this schedule for the test year.

Q.1-48 Please provide a copy of the Company's guidelines and/or all written criteria that describe when, what (type), how, and how much short-term debt will be issued and outstanding at any time. If the Company has no written guidelines and/or written criteria, then please state.

Q.1-49 Please confirm that the Company participates in the AEP Utility Money Pool.

Q.1-50 Please provide a schedule in electronic spreadsheet format showing the Company's daily investments in the AEP Utility Money Pool and the interest rates applicable to those balances for the test year.

Q.1-51 Please provide a schedule in electronic spreadsheet format showing the Company's daily borrowings from the AEP Utility Money Pool and the interest rates applicable to those balances for the test year.

Q.1-52 Refer to the Attachment 1 portion of the response to Staff 1-39. Refer also to pages 354 and 403 of the 2016 Form 1.

- a. Separately for the test year and for each if the listed years prior to the test year, please provide the number of production employees located at each of the "Power Production" facilities that equal the totals provided for each year in the Attachment 1.
- b. Please reconcile the number of "Power Production" employees for the test year depicted on Attachment 1 of 344 with the total number of employees at the Big Sandy and KPC 50% share of Mitchell of 162 employees depicted on page 402 of the 2016 Form 1, explaining all reasons for the differences other than the two month timing difference.
- c. Please explain in detail all reasons why the number of transmission employees declined from 48 to 35 in the third year prior to the test year and then declined to 2 employees in the second year prior to the test year.
- d. Please explain all reasons why the number of distribution employees increased from 175 in the second year prior to the test year to 195 in the first year prior to the test year.
- e. Please reconcile the amount of distribution wages depicted on line 23 of page 354 in the 2016 Form 1 of \$8,235,437 and the amount for the test year depicted on Attachment 1 of \$15,932,904, explaining all reasons for the differences other than the two month timing difference.

Q.1-53 Please provide all work papers and supporting documentation used and relied upon by Mr. McKenzie in the preparation of his Direct Testimony and exhibits. Provide all spreadsheets in Excel format with cell formulas intact.

Q.1-54 Please provide Excel spreadsheet versions of Mr. McKenzie's exhibits with cell formulas intact.

- Q.1-55 Please provide all bond rating agency reports (Standard and Poor's, Moody's, Fitch) on Kentucky Power Company from 2014 through the most recent month in 2017.
- Q.1-56 Please provide all bond rating agency reports (Standard and Poor's, Moody's, Fitch) on American Electric Power Company from 2014 through the most recent month in 2017.
- Q.1-57 Please refer to Mr. Hall's Direct Testimony at page 5 wherein he refers to the loss of over 600 jobs at AK Steel due to the idling of its blast furnace. Please explain all efforts made by Kentucky Power to assist AK Steel in restarting its idled blast furnace.
- Q.1-58 Please refer to Mr. Hall's Direct Testimony at page 5 wherein he refers to reduced operations at Kentucky Electric Steel. Please describe all efforts made by Kentucky Power to assist KES in increasing its production.
- Q.1-59 Please refer to Mr. Hall's Direct Testimony at page 6 wherein he states that "*Kentucky Power's economic development efforts are focused on helping communities within its service territory to attract and expand businesses to aid diversifying the region's economic base.*"
- Please define the type of businesses referenced in this quote.
 - As a general matter, identify each rate schedule(s) that would be applicable to the targeted businesses.
- Q.1-60 The Kentucky Cabinet for Economic Development states that it "*Provides income tax credits and wage assessments to new and existing agribusinesses, regional and national headquarters, manufacturing companies, and non-retail service or technology related companies that locate or expand operations in Kentucky.*"
- Are these also the types of businesses targeted by Kentucky Power?
 - Does Kentucky Power target big-box or other retail businesses for economic development? If no, please explain.
- Q.1-61 Please refer to Mr. Hall's Direct Testimony at page 12 wherein he identifies "*23 active economic development projects in the service territory.*" For each of the 23 projects:
- Provide the name of the company and its line of business.
 - Provide the rate schedule(s) that the company is likely to be served under.
 - Provide the expected level of electric consumption.
 - Provide the expected commercial operation start date.
 - With respect to Braidy Industries, does Kentucky Power plan to offer an incentive electric rate? If yes, please describe the rate.
- Q.1-62 Please refer to Mr. Hall's Direct Testimony at pages 27-28 wherein he identifies a target company that is considering locating at the Big Sandy site which may add 1,000 jobs. Related to that target company:
- Provide the name of the company and its line of business.
 - Provide the rate schedule(s) that the company is likely to be served under.
 - Provide the expected level of electric consumption.
 - Provide the expected commercial operation start date.

- Q.1-63 The Kentucky Cabinet for Economic Development lists the Top 10 Reasons for Locating or Expanding Your Business in Kentucky. Number 6 is low electric power rates. Please explain how Kentucky Power's proposed allocation of its requested rate increase took this factor into account.
- Q.1-64 Please provide the ADIT balances by month from February 2016 through February 2017 by FERC account/subaccount and by temporary difference. In addition, please provide a breakout of each temporary difference by function (i.e. production, transmission, distribution, general).
- Q.1-65 Please provide the estimated amortization period for each of the temporary differences provided in response to the preceding question, e.g., composite average remaining service life of 33.0 years for production ADIT due to accelerated depreciation.
- Q.1-66 At pages 41-42 of his testimony Mr. Vaughan states that he only provided a weather normalization adjustment for the residential class. Please provide a weather normalization adjustment for the entire Kentucky Power system.
- Q.1-67 Refer to Exhibit AEV-7, the proposed Tariff P.P.A. With regard to this tariff, please provide the following:
- a. Please explain why the term "BPP" is included in the formula.
 - b. Please provide a detailed explanation of the costs that are included in the \$79,076,785 amount of purchased power costs included in base rates. Identify each of the costs by name, amount and FERC account number. Include an excel workpaper showing the complete derivation of the \$79,076,785 amount.
 - c. With regard to term "OATT" please provide a description of each cost that will be included in variable OATT and the current amount of such cost, separated into energy and demand related costs.
 - d. With regard to term "OATT" please provide a projection of each cost that will be included in variable OATT for calendar years 2017 through 2020, separated into energy and demand related costs. Include the total amount of each cost and Kentucky Power's share of the total.
- Q.1-68 Please state whether any Rockport related costs will be recovered through the proposed PPA tariff. If any Rockport costs will be included, please identify all such costs, including a description and the current amount.
- Q.1-69 With regard to factors: BEclass, BDclass and CPclass, please provide the values of these factors for each rate class for the test year in this case.
- Q.1-70 Please refer to the testimony of Mr. Vaughan at pages 42-44. For each month of calendar years 2014, 2015 and 2016, please provide the actual (not adjusted) amount of purchase power expense that was excluded from recovery through the FAC Purchase Power Limitation.
- Q.1-71 When it is filed with the Court on or about October 6, 2017 in Civil Action 2:13-cv-1213, please provide the status report regarding the Rockport lease settlement negotiations.
- Q.1-72 Has AEP or any of its affiliates publically announced whether the lease on Rockport Unit 2 will be extended? Please explain.
- Q.1-73 Please provide all studies or analysis to support the expected retirement date of Big Sandy 1 at 2031.
- Q.1-74 Please provide a copy of all orders from the Kentucky Commission authorizing the acceleration of the demolition timeline for Big Sandy 2 as described in the testimony of Ms. Osborne at p. 7.

- Q.1-75 With regard to Mr. Vaughan's testimony at pages 26 and 27, please provide a description of each of the "PJM LSE transmission charges and credits" that would be included in the PPA tariff. In the description, please also include a specific reference to AEP's OATT and/or the PJM tariff wherein such charges or credits are authorized.
- Q.1-76 With regard to the PJM LSE transmission charges and credits identified in the previous question, please provide the total amount of such charges and credits for the AEP Companies, the percentage factor used to allocate these costs and credits to KPC and the dollar amount of each charge and credit for the period 2012 through 2017.
- Q.1-77 With regard to Mr. Vaughan's testimony on pages 43 and 44, please provide the following information:
- a. an excel workpaper (with formulas intact) showing the complete development of the \$3,150,582 base rate adjustment to reflect FAC purchased power limitations.
 - b. a table showing the dollar amount of excluded FAC purchased power costs for the years 2012 through present.
 - c. an explanation of why Mr. Vaughan used PJM real time system energy price, as opposed to day-ahead system energy price, to determined market purchases.
 - d. an excel spreadsheet showing the PJM day-ahead system energy price and the real time system energy price for each hour in which new market purchases were created in Mr. Vaughan's analysis.
- Q.1-78 With regard to Tariff I.G.S, Sheet 10-4, "*Special Terms and Conditions*," please provide the following information:
- a. The number of customers currently taking standby or back-up electric service from the Company.
 - b. To the extent that there are such standby or back-up customers, please provide the mW of back-up load and the mWh of usage during the test year.
 - c. Please provide the basis for charging such a standby or back-up customer for maintenance power. Please identify the tariff on which a customer can take maintenance power.
- Q.1-79 With regard to the testimony and exhibits submitted by Mr. Vaughan in Appalachian Power Company West Virginia Case No. 15-1734-E-T-PC that addresses a proposed "*Standard Backup and Maintenance Service*" tariff (Company Exhibit AEV-D3), please provide comparable standby and maintenance power rates for Kentucky Power Company. Include all supporting workpapers and excel spreadsheets used to develop the rates.
- Q.1-80 Please provide copies of any Backup Power and Maintenance service rates currently in effect for any AEP Operating Company
- Q.1-81 Please provide an explanation of the specific methodology used to allocate the AEP Zone NITS costs to Kentucky Power. Please include the following in the explanation:
- a. a description of each allocation of total AEP Zone NITS revenue requirements to the AEP Operating Companies, including the allocation factor (e.g., 1 CP based on the AEP Zonal transmission peak, 12 CP, etc.); and the allocation of this cost to each AEP Operating Company and the corresponding allocation factor used for this allocation.
 - b. a schedule for the test year showing the total dollars of NITS costs allocated to KPC, beginning with the total AEP Zone costs. Include the mW demands used to perform each allocation.
- Q.1-82 Please provide the same information requested in the previous question (Parts a and b) for the allocation of PJM RTEP costs to Kentucky Power Company.

- Q.1-83 Please confirm that the Company calculates the effects of temperature on revenues for all major customer classes, including residential, commercial, and industrial for internal management reporting purposes.
- Q.1-84 Please confirm that the Company calculates the effects of temperature on revenues for all major customer classes, including residential, commercial, and industrial for financial reporting purposes.
- Q.1-85 Please provide all analyses undertaken to quantify the effects of temperature on revenues for the commercial and industrial customer classes for the last three calendar years and the test year.

Respectfully submitted,



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