

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Electronic Application Of Kentucky Power)
Company For (1) A General Adjustment Of Its)
Rates For Electric Service; (2) An Order)
Approving Its 2017 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)

Case No. 2017-00179

KENTUCKY POWER RESPONSES TO
KLC'S
SECOND SET OF DATA REQUESTS

September 20, 2017

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KLC's Second Set of Data Requests
Dated September 8, 2017

DATA REQUEST

KLC_2_001 Is any portion of the requested rate increase related to the recovery of costs recovered in any of the following Riders:

- a. Big Sandy Retirement?
- b. Environmental Surcharge?
- c. Purchase Power Adjustment?
- d. DSM Adjustment?
- e. Fuel Adjustment?
- f. System Sales Clause?
- g. Capacity Charge?

RESPONSE

Refer to page 3 line 18 through page 8 line 4 of the direct testimony of Company Witness Vaughan.

- a. No
- b. Yes
- c. The Company's proposed PPA tariff includes several new items as identified in Company witness Vaughan's direct testimony that are included in the requested rate increase. The requested increase is not related to any items currently recovered through Tariff P.P.A.
- d. No
- e. No
- f. Yes
- g. No

Witness: Alex E. Vaughan

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DATA REQUEST

KLC_2_002 If the response to #1 is yes, please state the amount of the requested rate increase associated with each of the Riders listed in #1.

RESPONSE

Changes in the Company's Environmental Compliance Plan account for approximately \$3.9 million of the proposed annual increase in this case.

No System Sales Clause amounts are included in base rates; however, resetting the base credit level for off system sales margins that are recovered and shared through the System Sales Clause accounts for approximately \$9.2 million of the proposed increase.

Witness: Alex E. Vaughan

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DATA REQUEST

KLC_2_003 Provide a schedule quantifying the portion of base rate charges (in \$ per kW, ¢ per kWh, or per customer per month) associated with the operation of each of the Riders listed in #1 by rate schedule.

RESPONSE

Refer to the Company's responses to KLC 2-1 and 2-2. Refer also to the Company's response to KPSC Staff 1-73, specifically attachments 72, 73, and 74. The proposed environmental compliance plan costs are broken out separately in attachment 72 by tariff class in the proposed environmental surcharge line.

Witness: Alex E. Vaughan

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DATA REQUEST

KLC_2_004 Reference Kentucky Power Co. (hereinafter "KPC") response to KLC 1-1. Explain why poles should be directly assigned to street lighting class, as opposed to allocating these costs between street lighting and pole attachments? In the alternative, confirm that KPC has no basis for failing to allocate these costs to pole attachments.

RESPONSE

Distribution poles used specifically for Street Lighting and recorded in Account 373 are directly assigned to the street lighting class and no other customers should pay for them. All other poles recorded in Account 364 are allocated to the customer classes. Pole attachments are not a separate class in the cost-of-service study and revenues from pole attachments are allocated as a credit to the customer classes.

Witness: Douglas R. Buck

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DATA REQUEST

KLC_2_005

Reference KPC response to KLC 1-6.

- a. Provide the amount of times the base fuel component was updated in 2015, 2016, and 2017.
- b. Explain the time required to manually update this information.
- c. Explain whether this any other basis for this change other than complications with the billing software.

RESPONSE

- a. The Commission approved a change to the Company's base fuel component in its August 11, 2015 order in Case No. 2014-00450. The Company did not propose any changes to its base fuel component in 2016 or 2017.
- b. Currently, the Company must manually enter new rates for each tariff, review those rates, and then approve the change. The current process takes approximately two days to complete.
- c. Making the process more efficient when updating lighting rates when the base fuel component is changed is the only basis in the Company's proposal to separate the base fuel charge.

Witness: Stephen L. Sharp

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DATA REQUEST

KLC_2_006 Reference KPC response to KLC 1-9. Explain the KPC rationale for disallowing any new additions to the municipal waterworks tariff. Would KPC work with KLC to renew the municipal waterworks tariff and allow municipalities to take new service under this tariff?

RESPONSE

The Company has not allowed new customers to take service under Tariff M.W. (Municipal Waterworks) since September 1, 1982. Readily available Company records do not indicate the reason that the Company sought and received Commission approval to amend the tariff to limit it to the existing customers. The only reason the Company's current tariffs still include Tariff M.W. is that legacy customers who began taking service under the tariff prior to it being frozen in September 1, 1982 still take service under the tariff. Over the last 15 years, the number of customers taking service under Tariff M.W. has decreased from 23 to 10.

As with any customer, Kentucky Power is open to hearing ideas on ways to improve service and would be willing to work with KLC on issues relating to the Tariff M.W.

Witness: Stephen L. Sharp

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DATA REQUEST

KLC_2_007 Reference KPC response to KLC 1-23. For each city with an average of 8 days or greater, explain the cause for the delay in street light repair time.

RESPONSE

Kentucky Power does not record or maintain the data required to answer this request as posed.

Please refer to KPCO_R_KLC_2_007_Attachment 1.xls. The analysis shown on the attachment suggests that some of the averages greater than seven days reflect the effect of a small population of outages in a single year. In addition, the averages may also reflect the effect of one or more outliers in a single year either independently or in conjunction with a small population of repairs in a particular year. Anecdotal reports suggest that the outliers may be the result of the need to await the availability of an underground repair crew when the cause of the outage was related to underground service facilities, or where repair crews are diverted to tasks such as restoring service to residences or businesses, or in connection with storm repairs and other widely spread outages. Whatever the explanation for the average period required to repair street lights for certain municipalities, Kentucky Power is working to improve its record. To that end, Kentucky Power has modified its reporting to generate reports of street light work orders that have been open more than 15 days.

Witness: Everett G. Phillips

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DATA REQUEST

KLC_2_008

Reference KPC response to KLC 1-27.

- a. Provide a key explaining the shorthand used in Attachment 27. (For example, the letters and numbers under "ACCT CLAS CD," "ACCT STAT CD," "REVN CLAS CD" and "ACCT TYPE CD")
- b. Provide other applicable tariffs for the accounts listed in response to KLC 1-27 based on current and previous usage. (For example, those accounts under municipal waterworks may be applicable under other tariffs.) Also provide the individual annual sums for 2015, 2016 and 2017 if paid under the alternative tariffs.

RESPONSE

- a. Please refer to KPCO_R_KLC_2_8_Attachment1.xls for this information.
- b. The Company cannot fully comply with this request. Unlike the Company's understanding of some other utilities software, Kentucky Power's software is not designed to automatically search for other alternative tariffs. For the Company to comply with this request, Kentucky Power would have to manually check each alternative tariff against the current tariff on that account, which would require more time than available. The Company does not have the staff to research each of the accounts listed in KPCO_R_KLC_1_27_Attachment1.xls.

To respond to the extent possible, the Company sampled some of the accounts listed KPCO_R_KLC_1_27_Attachment1.xls and provided the requested information in KPCO_R_KLC_2_8_Attachment2.xls. Please also refer to KPCO_R_KPSC_1_73_Attachment74_AEVWP4.xls for a bill calculation spreadsheet of current tariffs for the requested information.

Witness: Stephen L. Sharp

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DATA REQUEST

KLC_2_009 Reference KPC response to KLC 1-34. Provide the data or excel sheet used to calculate these figures.

RESPONSE

Please see KPCO_R_KLC_2_009_Attachment1.xls for the requested information.

Witness: Everett G. Phillips

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DATA REQUEST

KLC_2_010

Reference KPC response to KLC 1-38.

- a. Explain why not all municipalities within KPC service territory are listed in response to 38(a).
- b. Provide the revenue from KLC 1-38(c) as both percentage and total collected in the list of cities provided in response to 38(a). (For example, the dollar total and percentage of annual CATV revenue collected in Pikeville in each year 2015 and 2016).

RESPONSE

a. The data base used by Kentucky Power for tracking pole attachments does not provide the information for all municipalities. The location within or outside municipal boundaries is not relevant to the Company's management of cable pole attachments.

b. The Company's records are not compiled or maintained based on the geographic boundaries of municipalities, and Kentucky Power cannot otherwise provide the requested information by municipality. Please refer to KPCO_R_KLC_2_010_Attachment1.xls for information by county for the years 2015 and 2016.

Witness: Everett G. Phillips