

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
KSBA'S
SECOND SET OF DATA REQUESTS

September 20, 2017

VERIFICATION

The undersigned, Debra L Osborne, being duly sworn, deposes and says she is Vice President Generating Assets APCO/KY, that she has personal knowledge of the matters set forth in the data responses for which she is the identified witness and that the information contained therein is true and correct to the best of her information, knowledge, and belief

Debra L Osborne

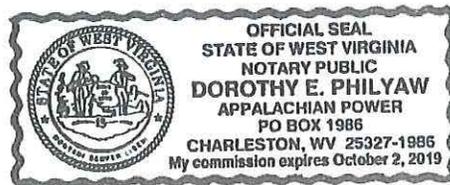
Debra L. Osborne

STATE OF WEST VIRGINIA)
) Case No. 2017-00179
COUNTY OF KANAWHA)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Debra L. Osborne, this the 15th day of September 2017.

Dorothy E. Philyaw
Notary Public

My Commission Expires: October 2, 2019



VERIFICATION

The undersigned, Tyler H Ross being duly sworn, deposes and says he is the Director Regulatory Accounting Services for American Electric 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 information, knowledge and belief

Tyler H Ross

Tyler H Ross

STATE OF OHIO

)

) Case No. 2017-00179

COUNTY OF FRANKLIN

)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Tyler H Ross, this the 14th day of September 2017.

S. Smithhisler

Notary Public



My Commission Expires: 04/29/19

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

DATA REQUEST

KSBA_2_001

With regard to the Company's Response to KSBA_1_002 and KPCO_R_KPSC_1_73_Attachment41_LGS_Sec please provide the following:

- a. The source of the load data.
- b. Number of accounts.
- c. How the accounts represented were selected including any statistical analysis and justification.
- d. Confirmation data is for Company accounts, not those of subsidiaries.
- e. If the load data was collected as part of a load research program please provide the number of metered accounts and the period in which the data was collected. If otherwise collected please provide the number of metered accounts and the period in which the data was collected if other than the case test period.
- f. Confirmation no K-12 school accounts are included in the load data. If not, please explain and provide the number and identification of those included.

RESPONSE

- a. The sources are interval data recorders measuring kW demand.
- b. There are 27 accounts in the sample.
- c. Stratified random sampling was used to design the sample. The sample was designed with an accuracy of +/-10% at the 90% confidence level.
- d. Data is for Company accounts only.
- e. Load data was collected for 27 sample sites during the period 3/1/16-2/28/17.
- f. Confirmed: no K-12 school accounts were included.

Witness: Douglas R. Buck

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DATA REQUEST

KSBA_2_002

With regard to the Company's Response to KSBA_1_009 and KIUC_1_005 KPCO_R_KIUC_1_5_Attachment1 Cap Res Margin please provide the following:

- a. A description of each acronym in the table (ex. UCAP, IDR, IRM, etc.).
- b. Example calculation of the "Total KPCo Reserve Margin" in MW.
- c. Confirmation that 16.6% is the Company's planning reserve margin.
- d. Confirmation that "Net Position" MW shown in table columns 20 and 21 are reserves in excess of the planning reserve margin.
- e. Clarification as to why there are no columns labeled 13, 14 and 15 in the table. If hidden, please provide the missing column data.
- f. Please reconcile Exhibit G-11 of the Company's IRP filing in Case no. 2016-00413 with KPCO_R_KIUC_1_5_Attachment1 and explain any differences.

RESPONSE

a. The following is a description of the acronyms that appear in the headers of KIUC_1_005 KPCO_R_KIUC_1_5_Attachment1 Cap Res Margin:

DSM: Demand-Side Management

UCAP: Defined by PJM as "installed capacity rated at summer conditions that are not on average experiencing a forced outage or forced derating, calculated for each Capacity Resource on the 12-month period from October to September without regard to ownership of or the contractual rights to the capacity of the unit."

ICAP: Installed capacity. Defined by PJM as "value based on the summer net dependable rating of the unit as determined in accordance with PJM Rules and Procedures of the Determination of Generating Capacity."

EFORd: Equivalent Forced Outage Rate. Defined by PJM as "A measure of the probability that [the] generating unit will not be available to due to ... forced outages or forced deratings when there is demand on the unit to generate." It is used to convert ICAP to UCAP. $UCAP = ICAP \times (1 - EFORd)$.

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w/o: Without

IDR: Interruptible Demand Response.

IRM: Installed Reserve Margin. Defined by PJM as being “[u]sed to establish the level of installed capacity resources that will provide an acceptable level of reliability consistent with the Reliability Principles and Standards.” The IRM is determined by PJM in accordance with the PJM Reserve Requirements Manual (M-20). The IRM is approved and posted by February 1 prior to its use in the BRAs for the Delivery year.”

b. Total KPCo Reserve Margin = KPCo's Reserve Margin above the PJM IRM + IRM expressed as a per cent.

KPCo's Reserve Margin above the PJM IRM = "Net Position w/New Capacity" divided by "Total UCAP Obligation Less IDR and IRM".

For planning year 2020/2021, the KPCo Reserve Margin = $(209/955 + 0.1660) \times 100 = (0.219 + 0.166) \times 100 = 38.5\%$.

c. Confirmed.

d. Confirmed.

e. Column 13 is titled "Planned Capacity Additions - Units", Column 14 is "Planned Capacity Additions - MW", and Column 15 is "Annual Purchases \$". Kentucky Power has no new capacity additions and thus the columns are blank. There is no data in any of these three columns and they were hidden to make the exhibit easier to read.

f. The differences between Exhibit G-11 to the Company's IRP and KPCO_R_KIUC_1_5_Attachment1(Attachment 1) reflect normal updating of the input data.

Total ICAP on Exhibit G-11 matches columns 11 and 16 of Attachment 1.

EFORd on Exhibit G-11 is lower due to more current EFOR data in Attachment 1, which also lowers Available UCAP on Attachment 1.

Peak Load on Exhibit G-11 is based on a 2016 load forecast. Attachment 1 uses a 2017 load forecast.

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The FPR on Attachment G-11 is essentially the same as on Attachment 1 (1.088 versus 1.089).

The difference in Total Obligation on Exhibit G-11 and Total UCAP Obligation (Column 11) on Attachment 1 is the result of the differences between the 2016 and 2017 Load Forecasts.

The differences in Net Capacity Position before Additions (and resulting Reserve Margin before Additions) on Exhibit G-11 and Column 20 (and resulting KPCo Reserve Margin Above PJM IRM) are the result of the differences between the load forecasts and the UCAP values.

Witness: Ranie K. Wohnhas

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DATA REQUEST

KSBA_2_003

With regard to the Company's Response to KSBA_1_011 and KSBA_1_012:

- a. Has the Company considered modifying their online bill comparison spreadsheet to facilitate a twelve-month comparison similar to that provided by LGE-KU?
- b. Is the Company proposing that customers call a Company representative each month to inquire if they have been minimum billed?
- c. Why does the Company not separately list the Service, Demand (Standard and Minimum), Excess Reactive and Energy Charges on L.G.S. I.G.S. on customer bills?
- d. Has the Company considered including a table on the bill that shows the individual rider billings? If not, please explain?
- e. Has the Company considered including the contract capacity and minimum billed amount in the "Meter Details" table or elsewhere on page 2 of the proposed bill format? If not, please explain?
- f. Please provide copies or site reference to other Kentucky jurisdictional company bill formats reviewed by the Company.

RESPONSE

- a. The Company has not considered any modifications to its online bill calculation spreadsheet.
- b. No. The Company's response to KSBA 1-12 simply noted that, as it is under the current format, minimum charges would be included in the rate billing charge under the proposed new bill format design. If a customer has a question regarding minimum tariff charges or any other charges on their bill they are encouraged to contact the Company's customer service representatives.
- c. Identifying the Service, Demand (Standard and Minimum), Excess Reactive and Energy Charges separately on I.G.S. and L.G.S. customer bills, in addition to the riders, adjustment clauses, and taxes would result in a lengthier bill and possible confusion on the customer's end trying to understand their bill. If an I.G.S. or L.G.S. customer has any questions on the type of charges they are able to contact one of the Company's customer service representatives.
- d. No. As the Company has stated in its application in Case No. 2017-00231, which was subsequently combined into this proceeding, the Company is proposing to roll up its billing line items to simplify the bill. Customers will still have access to the Company's online bill calculation spreadsheet and customer service representatives to address any questions on the bill.

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e. Where a contract capacity value exists, the Company will list that contract capacity in the Meter Details table of the proposed bill format. The example bill format shown on pages 5 and 6 of Exhibit SLS-1 is for a customer without a contract capacity. The Company has not considered adding the minimum demand charge to the Meter Details table to keep the bill format as simple as possible.

f. The Company did not review other Kentucky jurisdictional company bill formats as part of the AEP system-wide bill format redesign.

Witness: Stephen L. Sharp

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DATA REQUEST

KSBA_2_004 With regard to the Company's Response to KSBA_1_017 please provide the following:

- a. Confirm the Company's position that it is the Kentucky retail ratepayer's responsibility to protect their interest by active participation before the FERC in matters such as the Rockport UPA whose resolution affects the Company's retail cost of service. If not, please explain?

- b. Please provide copies of the AEPGC Power Bill for each month of the case test period.

RESPONSE

a. The Company objects to this request as requiring Kentucky Power to provide legal and litigation advice to the KSBA, and as such it seeks a response that is not the proper object of discovery before the Commission. KSBA is represented by counsel who can advise it how it might best protect its interests before FERC or any other regulatory body. The Company further states that the Rockport Unit Power Agreement is a FERC-approved wholesale contract that is not subject to review in this proceeding. FERC has established rules and procedures to ensure that Kentucky Power's wholesale contracts are just and reasonable.

b. Please refer to KPCO_R_KIUC_1_43_Attachment15.xls through KPCO_R_KIUC_1_43_Attachment26.xls for the requested information.

Witness: Ranie K. Wohnhas
 Matthew J. Satterwhite

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DATA REQUEST

KSBA_2_005 Please provide monthly cooling and degree day data for 2010 through 2017.

RESPONSE

Please refer to KPCO_R_KSBA_2_5_Attachment1.xlsx for the requested information.

Witness: Alex E. Vaughan

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DATA REQUEST

KSBA_2_006 Please provide the monthly KPC FERC Form 1 page 401b data for
January through August 2017.

RESPONSE

Please refer to KPCO_R_KSBA_2_6_Attachment1.xls for the requested information.

Witness: Tyler H. Ross

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DATA REQUEST

KSBA_2_007

With regard to Section II Exhibit J:

- a. Please confirm that there were no minimum kw billings during the test period for rates L.G.S. and PS. If not, please provide the metered demands.
- b. Please explain how the amounts for the Purchase Power Adjustment, Big Sandy 1 Operations Rider – Energy, Big Sandy 1 Operations Rider – Demand and Environmental Surcharge are being proposed to be rolled in to base energy and demand charges.

RESPONSE

- a. Kentucky Power confirms that there were no minimum kW billings during the test year for customers taking service under Tariff L.G.S. The Company does not have a “PS” tariff class.
- b. Test year amounts were not removed from the base rate cost of service and were included in the cost of service components. The class cost of service study classifies and allocates costs to various cost component categories (energy, demand, customer, etc). The results and outputs from the class cost of service study are then used to design the Company's proposed base rates. Refer to the Company's response to KPSC Staff 1-73, specifically the EX AEV-1 tab of attachment 73. Refer also to page 3 lines 18 through page 8 line 4 of the direct testimony of Company Witness Vaughan.

Witness: Alex E. Vaughan

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DATA REQUEST

KSBA_2_008 With regard the Witness Vaughan's residential weather adjustment please provide the calculations and executable EXCEL spreadsheet of the \$9,953,044 adjustment reflected on KPCO_R_KPSC_1_73_Attachment72_AEVWP2.

RESPONSE

Please refer to the Company's response to KPSC1-73, specifically see the "WNLA" tab of KPCO_R_KPSC_1_73_Attachment71_AEVWP1; see also KPCO_R_KPSC_1_73_Attachment80_AEVWP10.

Witness: Alex E. Vaughan

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DATA REQUEST

KSBA_2_009 With regard the testimony of Witness Ross at page 8 please provide the following for the Big Sandy gas fired unit:

- a. Property balance at 2/28/17.
- b. Test year depreciation expense.
- c. Test year property expense.
- d. Test year operation expense.
- e. Test maintenance expense

RESPONSE

a. Please refer to KPCO_R_KSBA_2_9_Attachment1.xls.

b. Please refer to KPCO_R_KSBA_2_9_Attachment2.xls.

c. Big Sandy is not individually valued nor taxed, so the tax expense for this unit is based on an allocation of the overall estimated taxes for Kentucky Power. Property taxes are recorded one year in arrears. Accordingly, the test year includes both coal-related and gas-related property taxes for Big Sandy.

No adjustments were made to the test year amounts. The estimated total property tax expense related to the Big Sandy Plant for the test year was \$241,614 consisting of \$183,516 related to Big Sandy coal plant and \$58,098 related to Big Sandy's newly-constructed gas facility. The test year ends 2/28/2017, so only two months of estimated Big Sandy gas plant property tax expenses are included. The currently-expected annualized gas plant property tax expense is approximately \$360,000 compared to the test year Big Sandy property tax expense of \$241,614.

d. Please refer to KPCO_R_KSBA_2_9_Attachment3.xls.

e. Please refer to KPCO_R_KSBA_2_9_Attachment4.xls.

Witness: Tyler H. Ross

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DATA REQUEST

KSBA_2_010 Please explain why the Company chose March 2016 through February 2017 as the test period for this proceeding.

RESPONSE

Kentucky Power's return on equity as of February 2017 had fallen to 5.8%. A 5.8% ROE was inadequate to maintain Kentucky Power's financial integrity, to enable the Company to offer a return adequate to attract new capital on reasonable terms, or to fairly compensate Kentucky Power's shareholder. Kentucky Power would have been justified in choosing an earlier test year.

Witness: Ranie K. Wohnhas

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DATA REQUEST

KSBA_2_011 With regard to the Testimony of Witness Osborne at page 7 please provide the test year costs for accelerating the demolition of Big Sandy Unit 2 to facilitate its redevelopment as an economic development site.

RESPONSE

Kentucky Power's records are not maintained so as to permit it to answer this request in full. Coal-related demolition costs for Big Sandy Unit 1 and Unit 2 are consolidated at a plant level. Please refer to KPCO_R_KIUC_1_38_Attachment1.xls for test year coal-related dismantlement cost. The majority of these costs relate to the accelerated activities described by Company Witness Osborne. For additional information please refer to the Company's response to KPSC 2-44.

Please note that the costs associated with the coal-related dismantlement activities at the Big Sandy generating station are recovered through the Company's Decommissioning Rider (currently named Big Sandy Retirement Rider) and not base rates.

Witness: Debra L. Osborne