

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Commission Staff's First Re-Hearing Set of Data Requests
Dated March 23, 2018

DATA REQUEST

KPSC_RH1_001 Refer to Kentucky Power's response to Commission Staff's First Request for Information ("Staff's First Request"), Item 73, Attachment 11 , and Supplemental Attachment 3, Schedule 5. Refer also to the Direct Testimony of John Rogness, page 5, lines 1-6, and Kentucky Power's Motion for Partial Rehearing, pages 9-10. Explain in detail how Adjustment W09 served to "remove" or "zero-out" test-year forced outage expense.

RESPONSE

Adjustment W09 served to synchronize test year expenses recoverable under Tariff P.P.A. and revenues from Tariff P.P.A. so that the revenues recovered through Tariff P.P.A. were equal to the expenses incurred. Synchronization is necessary because of the two-month lag for recovery of expenses through Tariff P.P.A during the test year. The twelve months of expenses recoverable through Tariff P.P.A included in the adjustment began two months prior to the beginning of the test year. With equal recovery of expenses and revenues, there was a net zero effect on base rates.

Witness: Alex E. Vaughan

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DATA REQUEST

KPSC_RH1_002 Refer to Kentucky Power's response to Staff's First Request, Item 73, Attachment 11 , and Attachment 83. Identify the test-year forced outage expense included in these exhibits and explain any discrepancy.

RESPONSE

Because there was a two-month lag for recovery of expenses through the PPA during the test year, the twelve months included in the adjustment began two months prior to the beginning of the test year. The Forced Outage Expense amounts for the period from January 2016 through January 2017, as included in the Company's fuel adjustment clause filings, can be determined by subtracting column (5) from Column (4) on the PPA Worksheet tab. For Attachment 83, please refer to tab "FO Summary" for the forced outage expenses.

The two adjustments served two distinct purposes. Adjustment W09, included in Attachment 11, served to synchronize the test year level of expenses and revenues. The calculation within Attachment 83 served to create the going-level adjustment amount.

In its January 11, 2017 Order in Case No. 2016-00230, the Commission determined that Kentucky Power should change its methodology for calculating the forced outage amount to be excluded from the Fuel Adjustment Clause. The amount included in Attachment 11 was prior to the Commission's determination of the change needed in Kentucky Power's forced outage calculation, whereas the amounts included in Attachment 83 included the Commission's revised methodology.

Because the Company had synchronization adjustments for both the Fuel Adjustment Clause and the Purchase Power Adjustment, there is no impact to base rates for any change in calculation methodology for the forced outage exclusion.

Witness: Alex E. Vaughan

Kentucky Power Company
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DATA REQUEST

KPSC_RH1_003 Provide the total Forced Outage Expense incurred in the test year and excluded from the Fuel Adjustment Clause. Separately identify any amount not recovered through Tariff P.P.A.

RESPONSE

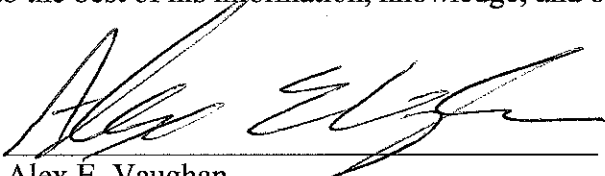
Please refer to Attachment KPCO_R_KPSC_RH1_3_Attachment1.xls for the test year Forced Outage Expense incurred and excluded from the Fuel Adjustment Clause. The total amount forced outage expense incurred in the test year, using the calculation methodology set forth in Case No. 2016-00230, was \$1,158,285. Of the total amount, \$978,008 was recovered through Tariff PPA, and \$180,277 was recovered through the Fuel Adjustment Clause.

No amount of the test year forced outage expense was included in the Company's adjusted base rates except for the \$882,204 in adjustment W-27.

Witness: Alex E. Vaughan

VERIFICATION

The undersigned, Alex E. Vaughan, being duly sworn, deposes and says he is the Regulatory Pricing & Analysis Manager for American Electric Power, that he has personal knowledge of the matters set forth in the forgoing responses and the information contained therein is true and correct to the best of his information, knowledge, and belief.

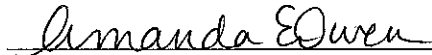


Alex E. Vaughan

State of Ohio)
)
County of Franklin)

Case No. 2017-00179

Subscribed and sworn before me, a Notary Public, by Alex E. Vaughan this
 9 day of April, 2018.



Notary Public

My Commission Expires Never



Amanda E. Owen, Attorney At Law
NOTARY PUBLIC - STATE OF OHIO
My commission has no expiration date
Sec. 147.03 R.C.