

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

In the Matter of:

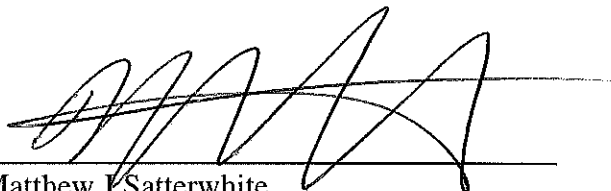
**ELECTRONIC APPLICATION OF KENTUCKY)
POWER COMPANY FOR (1) A GENERAL)
ADJUSTMENT OF ITS RATES FOR ELECTRIC)
SERVICE; (2) AN ORDER APPROVING ITS 2017) Case No. 201700179
ENVIRONMENTAL COMPLIANCE PLAN; (3) AN)
ORDER APPROVING ITS TARIFFS AND RIDERS;)
(4) AN ORDER APPROVING ACCOUNTING)
PRACTICES TO ESTABLISH REGULATORY)
ASSETS AND LIABILITIES; AND (5) AN ORDER)
GRANTING ALL OTHER REQUIRED APPROVALS)
AND RELIEF)**

**KENTUCKY POWER COMPANY RESPONSES TO KENTUCKY SCHOOL BOARD
ASSOCIATION (KSBA) FIRST SET OF DATA REQUESTS**

August 28, 2017

VERIFICATION

The undersigned, Matthew J Satterwhite, being duly sworn, deposes and says he is the President and Chief Operating Officer for Kentucky Power Company, 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




Matthew J Satterwhite

COMMONWEALTH OF KENTUCKY)

) Case No. 2017-00179

COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Matthew J. Satterwhite, this the 28th day of August 2017.



Notary Public

Notary ID: 571144

My Commission Expires: January 23, 2021

VERIFICATION

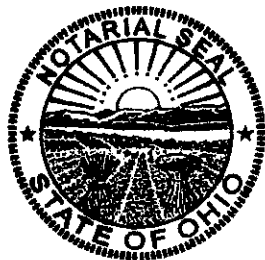
The undersigned, Douglas R. Buck, being duly sworn, deposes and says he is Senior Regulatory Consultant for American Electric Power Service Corporation and that he has personal knowledge of the matters set forth in the forgoing responses and the information contained therein is true and correct to the best of his information, knowledge and belief.



Douglas R. Buck

STATE OF OHIO)
County of FRANKLIN) Case No. 2017-00179
)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Douglas R. Buck, this the 23rd day of August 2017.



Princess M. Brown
Notary Public, State of Ohio
My Commission Expires 04-19-2020

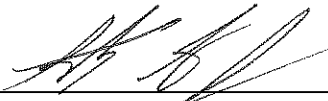


Notary Public

My Commission Expires: 4/19/2020

VERIFICATION

The undersigned, Stephen L. Sharp, being duly sworn, deposes and says he is a Regulatory Consultant, for Kentucky Power Company and that he has personal knowledge of the matters set forth in the data responses and the information contained therein is true and correct to the best of his information, knowledge and belief



Stephen L. Sharp

COMMONWEALTH OF KENTUCKY)
) 2017-00179
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Stephen L Sharp, this the 26th day of August 2017.



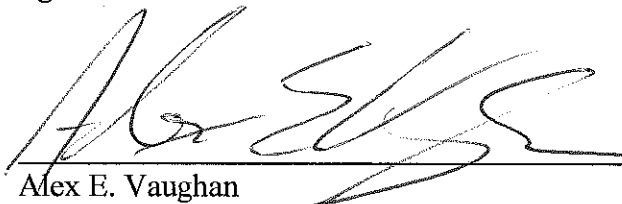
Notary Public

Notary ID Number: 571144

My Commission Expires: January 23, 2021

VERIFICATION

The undersigned, Alex E. Vaughan, being duly sworn, deposes and says he is the Manager, Regulatory Pricing and Analysis 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

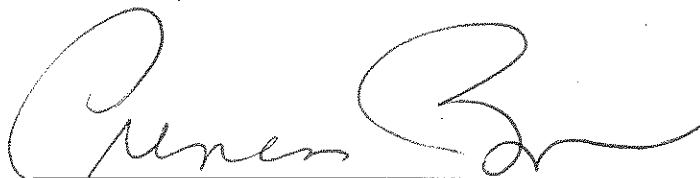
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) Case No. 2017-00179

COUNTY OF FRANKLIN

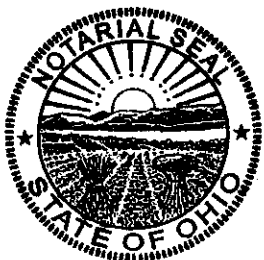
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Subscribed and sworn to before me, a Notary Public in and before said County and State, by Alex E. Vaughan, this the _____ day of August 2017.



Notary Public

Princess M. Brown
Notary Public, State of Ohio
My Commission Expires 04-19-2020



My Commission Expires: 4/19/2020

VERIFICATION

The undersigned, Ranie K. Wohnhas, being duly sworn, deposes and says he is the Managing Director Regulatory and Finance 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 information, knowledge, and belief

Ranie K. Wohnhas

Ranie K. Wohnhas

COMMONWEALTH OF KENTUCKY)
) Case No. 2017-00179
COUNTY OF BOYD)

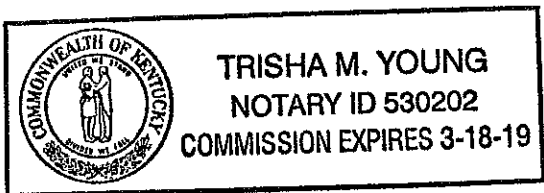
Subscribed and sworn to before me, a Notary Public in and before said County and State, by Ranie K. Wohnhas, this the 22 day of August 2017.

Trisha M. Young Blum

Notary Public

My Commission

Expires 3-18-19



Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KSBA First Set of Data Requests
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DATA REQUEST

KSBA_1_001

1. With regard to the “added 30 load research meters to K-12 Public School Service tariff accounts” referred to at page 23 of Vaughan Testimony please provide:
 - a. Please provide the name, address and account number for each of the school accounts. (account numbers are respectfully requested to be provided separately to counsel for KSBA)
 - b. Please provide how the accounts were selected including any statistical analysis and justification.
 - c. Please provide when the load research meters were installed.
 - d. Please provide the name, address and account number for any other P-12 accounts where similar meters exist.
 - e. Please confirm the data presented in “Tab LR 8760 Loads” in in KPCO_R_KPSC_1_73_Attachment50_PS_Sec is the average hourly loads for the 30 meters. If not, please fully explain what the presented data represents.
 - f. Please provide the hourly data for each of the 30 load research accounts in the same format as presented in KPCO_R_KPSC_1_73_Attachment50_PS_Sec.
 - g. Please provide the hourly data for “other” P-12 school account in the same format as presented in KPCO_R_KPSC_1_73_Attachment50_PS_Sec.
 - h. Please provide all work papers, reports, analysis and any other documentation relating to 30 load research meters and any additionally P-12 school accounts similarly metered.

RESPONSE

- a. Please refer to KPCO_R_KSBA_1_001_Redacted_Attachment1a_and_1d.xlsx for the requested information.
- b. Please refer to KPCO_R_KSBA_1_001_Attachment1b.xlsx for the requested information.
- c. Samples were installed October 2015 through January 2016.
- d. Please refer to KPCO_R_KSBA_1_001_Redacted_Attachment1a_and_1d.xlsx for the requested information
- e. Data presented in "Tab LR 8760 Loads" in KPCO_R_KPSC_1_73_Attachment50_PS_Sec is the "Weighted" average hourly loads for the 30 meters.

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f. Please refer to KPCO_R_KSBA_1_001_Redacted_Attachment1f.xlsx for the requested information.

g. Please refer to KPCO_R_KSBA_1_001_Attachment1g.xlsx for the requested information for the 6 other public school tariff accounts with hourly interval data available.

h. Please refer to KPCO_R_KSBA_1_001_Attachment1h.xlsx for the requested information.

Witness: Alex E. Vaughan

Kentucky Power Company
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DATA REQUEST

KSBA_1_002

With regard to the load data presented in KPCO_R_KPSC_1_73_Attachment41_LGS_Sec please provide all work papers, reports, analysis and any other documentation relied on to prepare the attachment.

RESPONSE

Please refer to KPCO_R_KPSC_1_73_Attachment41_LGS_Sec. All data relied on is contained in the various tabs within the attachment. The name on each tab identifies the respective data it contains.

Witness: Douglas R. Buck

Kentucky Power Company
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DATA REQUEST

KSBA_1_003 Please provide a copy of the loss study used in developing the allocators used in preparing
KPCO_R_KPSC_1_73_Attachment35_KPCO_CCOS__Test_Year_2017__DRB__
FINAL__KPSC_DR_1-73

RESPONSE

Please refer to Attachments KPCO_R_KSBA_1_003_Attachment1.pdf and
KPCO_R_KSBA_1_003_Attachment2.xlsx.

Witness: Douglas R. Buck

Kentucky Power Company
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DATA REQUEST

KSBA_1_004

With regard to the Weather Normalization Adjustment presented by Witness Vaughan:

- a. Please provide the detail of the calculations in developing Section V-Application Exhibit 2 page 16 of 60.
- b. Please provide all work papers and documentation used including data provided by the Company's Economic Forecasting Group.
- c. Please provide all studies that support Witness Vaughan's statement that residential customers "have the highest correlation of energy to weather".
 - i. Please provide the correlation statistics for residential and other customers on which he based his statement.
 - ii. Please provide copies of any Appliance – End Use Saturation Studies performed by KPC and confirm whether Witness Vaughan relied on the Studies in reaching his conclusion.

RESPONSE

- a. See the Company's response to KIUC 1-28.
- b. See KPCO_R_KSBA_004_Attachment1.pdf for the model output statistics that were used to develop the weather impacts for the months of the test year that occurred in the calendar year 2016. KPCO_R_KSBA_004_Attachment2.pdf contains the model output statistics that were used to develop the weather estimates for the months of the test year that occurred in the calendar year 2017. For both models, the variable bcdd65 is the cooling degree day variable and the variable called bhdd55 is the heating degree day variable.
- c. See KPCO_R_KSBA_004_Attachment3.pdf for the model output data including the table of contemporaneous correlation measures for both cooling and heating degree days for each of the retail classes. Page 1 contains the correlation statistics from the weather normalization models that were used for the 2016 portion of the test year while the correlation statistics from the weather normalization models that were used on the 2017 portion of the test year are found on page 31. In both instances, the Residential class showed the highest correlation with heating degree days, while the Commercial class had the highest correlation with cooling degree days.

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i. See response to part c above.

ii. See KPCO_R_KSBA_004_Attachment4.pdf for the results of the latest residential appliance saturation survey for the Kentucky Power service territory. Company Witness Vaughan reached his conclusion based on his professional judgment and experience without relying explicitly and exclusively on the latest appliance saturation survey provided in response to this question.

Witness: Alex E. Vaughan

Kentucky Power Company
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DATA REQUEST

KSBA_1_005 Please provide by SIC Code the number of customers served on Rate
LGS.

RESPONSE

Please refer to KPCO_R_KSBA_1_5_Attachment1.xls for this response.

Witness: Stephen L. Sharp

Kentucky Power Company
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DATA REQUEST

KSBA_1_006 Please describe the Company's plans for the Carrs future generator site?

RESPONSE

The Company is currently evaluating a proposal to sell the Carrs site.

Witness: Ranie K. Wohnhas

Kentucky Power Company
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DATA REQUEST

KSBA_1_007 Please state where the PSC has the authority to make the KPCO recommended PPA and FAC inclusions.

RESPONSE

The Company objects to this request to the extent it calls for legal analysis or a legal opinion, which are not the appropriate subject of discovery, on the grounds that the request is not reasonably calculated to lead to the discovery of admissible evidence.

Without waiving these objections the Company states as follow: The Commission has exclusive jurisdiction over “the regulation of rates and services of utilities,” KRS 278.040(2), and Kentucky Power has the right to “demand, collect and receive fair, just and reasonable rates for services rendered or to be rendered by it” KRS 278.030(1). Further, in the absence of specific statutory authority to the contrary, the Commission enjoys plenary authority in designing rate mechanisms. *See Ky. Public Service Commission v. Commonwealth, ex rel. Conway*, 342 S.W.3d 373, 383 (Ky. 2010).

Witness: Matthew J. Satterwhite

Kentucky Power Company
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DATA REQUEST

KSBA_1_008

Witness Hall states at page four of his testimony “[t]he region the Company serves has seen a downturn in economic activity since 2008. This economic downturn is widespread, but has been primarily driven by a decrease in coal and steel production in the region.”
Please provide a list describing each cost cutting measure the Company has undertaken since 2008 and the achieved cost reduction.

RESPONSE

The Company objects to this request on the ground that it is overly broad and unduly burdensome and seeks irrelevant information that is not reasonably calculated to lead to the discovery of admissible evidence. The request seeks information regarding a nine-year period during which the Company was granted two general adjustments of its rates.

Notwithstanding and without waiving these objections, Kentucky Power states it is always focused on continuous improvement and looking for ways to reduce O&M expenses. Measures taken since the last base case include the following non-exhaustive list:

- Removing one underground contract crew and one overhead contract crew in 2016 thereby producing approximately \$80,000 in cost reduction.
- Reducing pole inspection cost by approximately \$120,000 while still maintaining the same number of annual inspections.
- Reducing one underground contract crew work in 2017 which produced a cost reduction of approximately \$30,000.
- Reducing Materials and Supplies to produce an approximately \$25,000 cost reduction.
- Optimizing the Company's fleet to reduce costs by approximately \$30,000.
- Performed two meter re-routes to eliminate travel time.
- More efficient and effective planned meetings and training.
- Line materials moved and resorted to another area to reduce dock and yard time.

Witness: Ranie K. Wohnhas

Kentucky Power Company
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DATA REQUEST

KSBA_1_009

Exhibit G – 11 shows the Company’s reserve margin increasing to 27 percent in 2020. Please describe the reason for the loss of peak load and plans the Company has for mitigating the impact on native load customers.

RESPONSE

Loss of load is due to the economic conditions discussed throughout the Company’s case-in-chief. Without providing the exhaustive list of its efforts, Kentucky Power aggressively is seeking to expand the economic base of its service territory through its Coal Plus, Appalachian Sky Initiative, and other economic development efforts. Please see, the Direct testimony of Company Witness Hall *passim*, and Company Witness Satterwhite at 10-13 and 15-16 for information on these efforts. This increased economic development and investment in the region will mitigate the risk related to increasing reserve margins. The Company will continue to manage the Company recognizing the external issues impacting operations. The Company will also work with the Commission and the Commonwealth of Kentucky to assist in the implementation of a productive energy policy for customers.

Witness: Matthew J. Satterwhite

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
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DATA REQUEST

KSBA_1_010 Please provide the number of commercial and industrial customers from each rate class that participated in the “Community Advisory Panels and other customer outreach workshops” described by Witness Sharp in his PSC Case No. 2017-00231.

RESPONSE

Please refer to the Company’s response to KPSC 2-8 for the requested information regarding members of the Community Advisory Panels. The Company did not maintain attendance sheets for the walk-in customer outreach workshops.

Witness: Stephen L. Sharp

Kentucky Power Company
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DATA REQUEST

KSBA_1_011 Please explain how non-residential customers can audit their bills without having access to individual base rate charges and breakout of individual riders.

RESPONSE

As stated in the Company's application in Case No. 2017-00231, customers will still have access to the Company's bill calculation spreadsheet online at <https://kentuckypower.com/account/bills/rates/KentuckyPowerRatesTariffsKY.aspx>. If a customer still has questions, they can contact one of the Company's local Customer Service Representatives or the Company's Customer Operations Center to discuss their bill in further detail.

Witness: Stephen L. Sharp

Kentucky Power Company
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DATA REQUEST

KSBA_1_012 Under the proposed bill format please explain how a customer will know when a tariff minimum is applied.

RESPONSE

Nothing would change from the current process. Presently, Kentucky Power rolls its minimum charges into the rate billing charge on the bill. When customers have questions on minimum charges, they may reach out to one of the Company's local Customer Service Representatives.

Witness: Stephen L. Sharp

Kentucky Power Company
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DATA REQUEST

KSBA_1_013 Please provide the cost if the AEP system wide new bill format initiation is delayed until the Commission issues a final Order in this proceeding.

RESPONSE

As stated in the Company's Motion for Partial Re-Hearing in Case No. 2017-00231, AEP is rolling out the new bill format system wide December 2017. If Kentucky Power does not receive an order approving the proposed changes to the bill format by September 15, 2017, AEP will continue to move forward without Kentucky Power. If approved by the Commission after September 15th, 2017, Kentucky Power would not move forward with the new bill format until the 1st half of 2018. A delay would ultimately cost Kentucky Power approximately \$53,000. In the Company's Motion for Partial Re-Hearing, the Company was seeking an order only on the bill format (the look of the bill) and not the proposed combination of line items within the redesigned bill.

Witness: Stephen L. Sharp

Kentucky Power Company
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DATA REQUEST

KSBA_1_014 Is AEP seeking approval for the proposed bill format changes in other states where service is provided. If yes, please provide the date(s) approval has been granted or is expected.

RESPONSE

Yes. Along with Kentucky, AEP has Operating Companies in Virginia, West Virginia, Tennessee, Ohio, Indiana, Michigan, Arkansas, Oklahoma, Louisiana, and Texas. Approval for the change in the bill format was only required in Ohio and Kentucky. AEP Ohio has been advised that they will have a Commission approval order for the bill format change prior to September 15th, 2017.

Witness: Stephen L. Sharp

Kentucky Power Company
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DATA REQUEST

KSBA_1_015 Please provide a copy of the Rockport UPA and the FERC Order approving the 12.16 percent ROE referred to in the testimony of Witness Elliott.

RESPONSE

Please refer to the Company's response to AG 1-2 for the requested information.

Witness: Matthew J. Satterwhite

Kentucky Power Company
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DATA REQUEST

KSBA_1_016 Please describe all actions the Company has taken or plans to take to bring the Rockport ROE in line with current conditions.

RESPONSE

The Company objects to this request on the grounds that the phrase “bring the Rockport ROE in line with current conditions” is vague and ambiguous, provides no basis from which the Company can determine what information is sought, and assumes the current ROE is not “in line with current conditions.” Please see the Company’s response to AG 1-002(d) and AG 1-314(a), (d)-(f).

Witness: Matthew J. Satterwhite

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KSBA First Set of Data Requests
Dated August 14, 2017

DATA REQUEST

KSBA_1_017 Please provide the revenue requirement impact of bringing the Rockport ROE to the Company's request of 10.31 percent in this proceeding.

RESPONSE

The Company objects to this request on the ground that it calls for an analysis that the Company has not performed. The Company further objects to this request on the ground that the information sought is irrelevant and not reasonably calculated to lead to the discovery of admissible evidence. In support of this objection, the Company states that the return on equity reflected in bills from AEP Generating Company ("AEG") is established in the FERC-approved Rockport Unit Power Agreement ("UPA"). Please see the Company's response to AG 1-002(d) and AG 1-314(a), (d)-(f).

Witness: Matthew J. Satterwhite

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
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Dated August 14, 2017

DATA REQUEST

KSBA_1_018

With regard to Witness Rogness's recommendation to include "PJM Billing Line Items" in the Company's FAC:

- a. Please provide any cost benefit analysis performed comparing the FAC administration cost increase to the change in the FAC under/over recovery.
- b. Please provide Witness Rogness Table 2 for 2012 thru 2015.

RESPONSE

- a. The Company has not performed the analysis.
- b. Prior to 2015, the Company did not record its charges by PJM BLI. Please refer to KPCO_R_KSBA_1_18_Attachment1.xlsx for the Table 2 for 2015.

Witness: Alex E. Vaughan

Kentucky Power Company
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DATA REQUEST

KSBA_1_019

With regard to Witness Vaughan's recommendations to include additional cost of service items in the Company's Tariff PPA:

- a. Please provide the Company's best estimate of the customer impact of PJM investment increases referred to at page 27 of Witness Vaughan's testimony.
- b. Please provide the current ROE in the AEP Zone formula rate referenced at page 28 of the Vaughan testimony.
- c. Please provide the proposed ROE in the AEP Zone formula rate under consideration in FERC Docket EL17-13.
- d. Please provide the expected impact on KPC customers of the pending settlement in FERC Docket EL02-121.

RESPONSE

- a. See the "forecasted" tab of KPCO_R_KIUC_1_67_Attachment1.xlsx included in the Company's response to KIUC 1-67.
- b. 11.49%
- c. 11.49%. The Company's position is that the Complainants have failed to demonstrate that the Company's existing base ROE is unjust and unreasonable. FERC has yet to rule this complaint.
- d. The Company does not have an estimate of the possible effects of the pending, non-unanimous settlement in FERC Docket EL02-121.

Witness: Alex E. Vaughan

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
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DATA REQUEST

KSBA_1_020 Please explain why the adjusted test year Kentucky retail jurisdictional total of net PJM LSE OATT charges has grown to \$74,377,364 from \$53,779,456 in Case No. 2014-00396.

RESPONSE

Increased transmission infrastructure investments in the AEP Transmission Zone and in the other transmission zones within the PJM footprint are responsible for the increase.

Witness: Alex E. Vaughan

Kentucky Power Company
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DATA REQUEST

KSBA_1_021 Please provide all detail work papers used in the development of Adjustment 28 by Witness Vaughan.

RESPONSE

See the Company's response to KPSC 1-73, specifically see KPCO_R_KPSC_1_73_Attachment84_AEVWP14.xlsx.

Witness: Alex E. Vaughan