

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
Attorney General's Post Hearing Data Requests
Dated December 13, 2017

DATA REQUEST

AG_PH_1 Day 3, 11:14: Provide studies or historical citations that provide support that utilities have historically charged customers for economic development.

RESPONSE

Company Witness Hall's statement during the hearing was premised upon his over 10 years of experience as an economic development professional as well as his discussions with other professionals in the field. In addition, Mr. Hall confirmed with a representative of Louisville Gas and Electric Company and Kentucky Utilities Company that those two companies treat economic development salaries, expenses, travel, sponsorships, etc. as expenses incurred in the ordinary course of business, and as such, they are recovered through base rates. Similarly, Kentucky Power historically has included certain economic development activities in its cost of service and thus funded such activities through base rates. (This funding is in addition to the more recent Kentucky Economic Development Surcharge funding of K-PEGG.) Additional information about these activities and their associated cost recovery is found in the Company's response to AG 1-309, the Company's response to AG 1-360, and on pages 26-27 of the direct testimony of Company Witness Hall.

Kentucky Power does not possess any studies or "historical citations" responsive to this request.

Witness: Brad N. Hall

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DATA REQUEST

AG_PH_2 Day 3, 11:26: Provide the planned amounts of load, prior to beginning service, of each of the companies whose actual load data was provided in KPCO_R_AG_1_387_Attachment1.xls, identifying each customer with the same identifier, such as "Company A" so as to compare planned vs. actual load.

RESPONSE

Please see KPCO_R_AG_PHDR_2_Attachment1.xlsx.

Witness: Alex E. Vaughan
 Brad N. Hall

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DATA REQUEST

AG_PH_3 Day 3, 3:48: Of the amount KPCo pays each year in OATT charges, how much are to affiliates and how much are to non-affiliates?

RESPONSE

Kentucky Power does not pay affiliates directly for transmission service. The Company is charged by PJM for services provided by affiliated and non-affiliated entities. Please refer to KPCO_R_AG_PHDR_3_Attachment1.xls for the test year amount of OATT LSE charges Kentucky Power paid to PJM for affiliate and non-affiliate transmission services.

Witness: Alex E. Vaughan

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DATA REQUEST

AG_PH_4 Day 3, 3:49: Of the amount KPCo pays each year to affiliates, how much was paid to projects designated as Baseline Upgrade, Network Upgrade, or Supplemental Projects.

RESPONSE

Kentucky Power does not directly pay affiliates for transmission service. Instead, PJM bills the Company for NITS expense and Transmission Enhancement expense. Kentucky Power does not track these expenses by the type of project.

NITS expense is derived from a combination of baseline upgrades, supplemental projects, and assets that were in service prior to when AEP joined PJM. Of the projects that AEP placed in service since it joined PJM, approximately 61% were baseline upgrades. Of those baseline upgrades, approximately 50% have a single zone allocation and would be billed through the NITS charge. The remaining baseline projects have costs that are allocated to other transmission zones and would ultimately be billed through the Transmission Enhancement charge.

100% of Transmission Enhancement expense is associated with baseline upgrades.

Please refer to the Company's response to AG_PH_3 for additional information regarding the amounts of Transmission Enhancement and NITS charges included in the Company's test year.

Witness: Alex E. Vaughan

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DATA REQUEST

AG_PH_5 Day 3, 3:58: Provide the typical residential bill impact should the stipulation be approved as filed in this case, in a presentation similar to that provided in KPCo's 9-13-17 response to Commission staff's 9-7-17 information request in Case No. 2014-00396 (post-case files).

RESPONSE

Under the Settlement Agreement, the Company's average residential customer using 1,246 kWh per month will see an average monthly bill increase of \$1.35 (0.84%). This total bill impact calculation is based on the Company's current rates and accounts for the reduction to the Company's DSM factor that was filed on December 11, 2017 and will be effective beginning January 1, 2018. Please see KPCO_R_AG_PHDR_5_Attachment1.xls for the calculations. The 9% average residential increase shown in Exhibit 1 to the Settlement Agreement is relative to the test year revenue amount.

Witness: Alex E. Vaughan