

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

In the Matter of:

Riverside Generation Company, L.L.C.	)	
COMPLAINANT	)	
	)	
v.	)	Case No. 2017-00472
	)	
Kentucky Power Company	)	
DEFENDANT	)	

**DIRECT TESTIMONY OF  
RANIE K. WOHNHAS  
ON BEHALF OF KENTUCKY POWER COMPANY**

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**I. INTRODUCTION**

1 **Q: PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.**

2 A: My name is Ranie K. Wohnhas. My position is Managing Director, Regulatory and  
3 Finance, Kentucky Power Company. My business address is 855 Central Avenue, Suite  
4 200, Ashland, Kentucky 41101.

**II. BACKGROUND**

5 **Q: PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND**  
6 **BUSINESS EXPERIENCE.**

7 A: I received a Bachelor of Science degree with a major in accounting from Franklin  
8 University, Columbus, Ohio in December 1981. I began work with Columbus Southern  
9 Power Company in 1978, and worked in various customer services and accounting  
10 positions. In 1983, I transferred to Kentucky Power Company and worked in accounting,  
11 rates, and customer services. I became the Billing and Collections Manager in 1995. My  
12 duties included overseeing all billing and collection activity for the Company. In 1998, I  
13 transferred to Appalachian Power Company and worked in rates. In 2001, I transferred to  
14 the American Electric Power Service Corporation working as a Senior Rate Consultant.  
15 In July 2004, I transferred back to Kentucky Power Company and assumed the position  
16 of Manager, Business Operations Support. I was promoted to Director in April 2006. I  
17 was promoted to my current position as Managing Director, Regulatory and Finance  
18 effective September 1, 2010.

1 **Q: WHAT ARE YOUR RESPONSIBILITIES AS MANAGING DIRECTOR,**  
2 **REGULATORY AND FINANCE?**

3 A: I am primarily responsible for managing the regulatory and financial strategy for  
4 Kentucky Power. This includes planning and executing rate filings for both federal and  
5 state regulatory agencies, as well as filings for certificates of public convenience and  
6 necessity before this Commission. I am also responsible for managing the Company's  
7 financial operating plans. Included as part of this responsibility is the preparation and  
8 coordination of various capital and O&M budgets with other American Electric Power  
9 Company, Inc. affiliates. I work with various American Electric Power Service  
10 Corporation departments to ensure that adequate resources such as debt, equity, and cash  
11 are available to build, operate, and maintain Kentucky Power's electric system assets  
12 used to provide service to our retail and wholesale customers. In my role as Managing  
13 Director, Regulatory and Finance, I report directly to Matthew J. Satterwhite, President  
14 and Chief Operating Officer of Kentucky Power.

15 **Q: HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

16 A: Yes, I have testified on multiple occasions in a wide variety of proceedings, including  
17 numerous rate cases, fuel adjustment clause cases, an environmental compliance plan  
18 case, the proceeding to transfer a fifty percent undivided interest in the Mitchell  
19 generating station, and in connection with the Company's application to convert Big  
20 Sandy Unit 1 to a gas-fired unit.

### **III. PURPOSE OF TESTIMONY**

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 A. My testimony addresses the complaint of Riverside Generating Company, L.L.C.  
 3 (“Riverside” or “Customer”) against Kentucky Power Company (“Kentucky Power” or  
 4 “Company”) with respect to the retail electric service provided by the Company. I  
 5 explain the terms of the Company’s Tariff N.U.G. - Non-Utility Generator and its  
 6 interaction with Tariff I.G.S. - Industrial General Service and the PJM Open Access  
 7 Transmission Tariff (“PJM OATT”). Further, I explain why Riverside does not qualify  
 8 to remote supply under Tariff N.U.G. Finally, I address the impact on the other  
 9 customers of Kentucky Power if the relief sought by Riverside is granted.

10 **Q. ARE YOU SPONSORING ANY EXHIBITS OR SCHEDULES?**

11 A. Yes, I am sponsoring EXHIBIT RKW-1 which is a summary of Riverside’s 2017 monthly  
 12 generation output as well as the station’s 2017 monthly energy usage.

13 **Q. WAS THIS EXHIBIT PREPARED BY YOU OR UNDER YOUR SUPERVISION?**

14 A. Yes.

### **IV. DISCUSSION**

A. The Applicable Tariff Provision.

15 **Q. WHAT IS THE TARIFF PROVISION THAT IS AT ISSUE IN THIS CASE?**

16 A. It is the remote self-supply provision that appears in the “Special Terms and Conditions”  
 17 section of the Company’s Tariff N.U.G. At the time the Complaint was filed, Kentucky  
 18 Power was in the process of seeking Commission approval to amend the language of the  
 19 remote self-supply provision as follows:

20 Customers desiring to provide Startup and Station Power from ~~commonly~~  
 21 ~~owned~~ other generation facilities, *owned by the same individual business*

1            *entity* that are not located on the site of the customer’s generator (remote  
2            self-supply), shall take service under the terms and conditions contained  
3            within the applicable Open Access Transmission Tariff as filed with and  
4            accepted by the Federal Energy Regulatory Commission. (redlining  
5            supplied).

6            The Company’s proposed amendment was approved by Order of the Commission dated  
7            January 18, 2018 in Case No. 2017-00179. The amendment made clear that the  
8            generators must be owned by the same legal entity and not simply share common  
9            ownership or other otherwise be affiliated. The addition of the term “other” was intended  
10           to emphasize the requirement of separate and distinct generating facilities.

11    **Q.    WHAT IS RIVERSIDE’S CONTENTION WITH RESPECT TO THIS REMOTE**  
12    **SELF-SUPPLY PROVISION OF TARIFF N.U.G.?**

13    A.    Riverside contends that notwithstanding the fact that its five generators are located side-  
14    by-side along U.S. Highway 23 in Lawrence County, they are located remotely from each  
15    other and that it should be able to take advantage of the remote self-supply provision of  
16    the tariff and thereby shift the costs of serving it to the Company’s other retail customers.

17    **Q.    WHEN DID THIS PROVISION FIRST APPEAR IN KENTUCKY POWER’S**  
18    **TARIFFS?**

19    A.    The Company’s records indicate Tariff N.U.G. first was accepted by the Commission by  
20    letter dated October 2, 2001 (Filing No. T62-1030). An earlier version of the remote self-  
21    supply provision at issue in this proceeding was a part of the tariff as originally approved  
22    by the Commission.

23    **Q.    HOW MANY CUSTOMERS TAKE SERVICE UNDER TARIFF N.U.G.?**

24    A.    Riverside Generating is the only customer to take service under Tariff N.U.G.

25    **Q.    WHEN DID RIVERSIDE (OR ITS PREDECESSORS IN INTEREST) FIRST**  
26    **BEGIN TAKING SERVICE UNDER TARIFF N.U.G.?**

1 A. The Riverside Station is served by Kentucky Power as a single account under the name  
2 “Riverside Generating Company LLC Riverside Foothills Generating Co.” Riverside  
3 first took service from Kentucky Power on November 1, 2001. At that time, Kentucky  
4 Power provided service to the Riverside Station under its Quantity Power Tariff. The  
5 Quantity Power Tariff is the predecessor to the Current I.G.S. Tariff. Riverside is  
6 currently a retail customer under Kentucky Power’s I.G.S. Tariff.

7           Importantly, Tariff N.U.G. provides that customers like Riverside with generation  
8 facilities with a total design capacity in excess of 1,000 kW must take station and startup  
9 power service under the demand-metered tariff appropriate for their operations. It does  
10 not provide for a separate rate for those services.

11 **Q. WHEN DID RIVERSIDE FIRST TAKE THE POSITION IT SHOULD BE ABLE**  
12 **TO AVAIL ITSELF OF THE SELF-SUPPLY PROVISION AT ISSUE HERE?**

13 A. In the first quarter of 2017 representatives of Riverside contacted Kentucky Power about  
14 the possibility of remote self-supply. During the preceding sixteen years, the course of  
15 dealing between Riverside and Kentucky was consistent with the Company’s  
16 interpretation and application of the remote self-supply provision of Tariff N.U.G.

17 **Q. DID THE NATURE OF RIVERSIDE’S OPERATIONS CHANGE BETWEEN**  
18 **WHEN IT FIRST BEGAN TO TAKE SERVICE UNDER TARIFF N.U.G. AND**  
19 **WHEN IT FIRST CONTENDED IT WAS ENTITLED TO AVAIL ITSELF OF**  
20 **THE REMOTE SELF-SUPPLY PROVISION OF TARIFF N.U.G.?**

21 A. No. There has been no change in the nature of Riverside’s operations following the  
22 expansion of Riverside Station to include the additional two combustion turbines that  
23 Riverside now denominates as the Foothills portion of the site.

1 **Q. BEFORE ADDRESSING IN DETAIL THE COMPANY’S POSITION WITH**  
2 **RESPECT TO RIVERSIDE’S COMPLAINT, PLEASE SUMMARIZE WHY**  
3 **RIVERSIDE IS INELIGIBLE TO REMOTE SELF-SUPPLY UNDER THE**  
4 **SPECIAL TERMS AND CONDITIONS PROVISION OF TARIFF N.U.G.**

5 A. What Riverside denominates as the Foothills and Zelda generators in fact are two halves  
6 of a single generation facility. As a result, it is ineligible to remote self-supply under  
7 Tariff N.U.G. because both the Foothills and Zelda generators are “located on the site of  
8 the customer’s generator.”

9 More recently, it has come to the Company’s attention through discovery  
10 provided by Riverside that the real property comprising the Riverside Station, as well as  
11 what Riverside denominates as the Zelda and Foothills facilities, are owned or leased by  
12 separate legal entities. If that is the case, Riverside would not qualify to remote self-  
13 supply even if what Riverside denominates as the Zelda and Foothills facilities could  
14 qualify as separate and remote facilities because the tariff also requires that the separate  
15 and remote facilities be “owned by the same individual business entity.”

B. Riverside’s Operations.

16 **Q. PLEASE DESCRIBE THE RIVERSIDE STATION.**

17 A. The Riverside Station is a single retail customer of Kentucky Power located at 25083  
18 U.S. Highway 23 in Catlettsburg, Kentucky approximately one mile north of the  
19 Company’s Big Sandy plant. Riverside is a merchant generator comprised of five  
20 combustion turbines with a total installed capacity of approximately 836 MW. Most  
21 importantly for purposes of this dispute, and as is evident from an examination of the  
22 photographs provided by Riverside in response to discovery by both Staff and the



1 Company, what Riverside calls its Zelda and Foothills sites in fact are a single site sitting  
2 atop a continuous footprint separated by a chain link fence. On this single site, what  
3 Riverside calls its Foothills facility consists of two combustion turbines; what it  
4 denominates as its Zelda facility includes three combustion turbines.

5 **Q. HOW DOES THE RIVERSIDE STATION OPERATE?**

6 A. The Riverside Station serves primarily as a peaking unit. Kentucky Power estimates that  
7 the Riverside Station operated for approximately ten percent of the 8,760 hours of 2017.  
8 A monthly summary of Riverside's 2017 generation output is provided as **EXHIBIT**  
9 **RKW-1.**

10 **Q. PLEASE DESCRIBE THE COMPANY'S CURRENT SERVICE TO RIVERSIDE.**

11 A. In accordance with Tariff N.U.G, Riverside receives Station Power under the appropriate  
12 generally available demand-metered tariff. For Riverside, the appropriate demand-  
13 metered tariff is Tariff I.G.S. Riverside also receives Startup Power under Tariff I.G.S. in  
14 accordance with the provisions of Tariff N.U.G.

15 **Q. WHAT IS STATION POWER?**

16 A. Station Power is the electrical energy and capacity supplied to the customer to serve the  
17 auxiliary loads at the customer's generation facilities, usually when the customer's  
18 generator is not operating. Auxiliary loads would include items such as the lighting,  
19 pumps, motors, HVAC equipment, safety equipment, and other equipment at the  
20 generation facility.

21 **Q. WHAT IS STARTUP POWER?**

22 A. Startup Power is the electrical energy and capacity supplied to the customer following a  
23 planned or forced outage of the customer's generator for the purpose of returning the

1 customer's generator to synchronous operation. Startup Power is distinct from Station  
2 Power in that generators may require a significant amount of power for a very short  
3 duration to return to synchronous operation.

4 **Q. HOW IS SERVICE TO RIVERSIDE METERED?**

5 A. The Company separately meters the original (Zelda) and subsequently expanded  
6 (Foothills) portions of the Riverside Station. Those meters measure the flow of power  
7 into the facility (usage) and the flow of power out of the facility (output) on a 15-minute  
8 interval basis. The separate meter outputs are then combined into the single net bill for  
9 the Riverside account. Based upon this metering approach, Riverside is only charged for  
10 deliveries from the Kentucky Power system and only to the extent that Riverside's need  
11 for power exceeds the amount of power being generated during a single 15-minute  
12 interval.

13 **Q. MR. HAMMOND AT PAGES 6-7 OF HIS TESTIMONY ON BEHALF OF**  
14 **RIVERSIDE POINTS TO THE FACT THAT KENTUCKY POWER**  
15 **SEPARATELY METERS THOSE PORTIONS OF THE RIVERSIDE STATION**  
16 **THAT RIVERSIDE DENOMINATES AS ZELDA AND FOOTHILLS AS**  
17 **EVIDENCE THAT THE RIVERSIDE STATION IS IN FACT "NOT ONE SITE."**  
18 **IS HE CORRECT?**

19 A. No. The use of multiple meters is consistent with Kentucky Power's practice for  
20 customers with large loads or where, as with Riverside, the customer expands its  
21 operations.

22 **Q. HOW IS RIVERSIDE BILLED UNDER TARIFF I.G.S.?**

1 A. As discussed above, when the Riverside facility has net usage, such usage is billed under  
2 Tariff I.G.S. in the same manner as all other customers receiving service under Tariff  
3 I.G.S.

4 **Q. WHAT TREATMENT IS RIVERSIDE SEEKING?**

5 A. The Special Terms and Conditions provision of Tariff N.U.G. includes a provision called  
6 remote self-supply. That provision addresses the opportunity for an entity that owns  
7 multiple generators at different remote locations to provide Startup and Station Power  
8 from one facility for the other. In other words, when one generator is not operating the  
9 remote generator can provide the power needed by that generator. That is the treatment  
10 that Riverside is seeking.

11 **Q. HOW IS REMOTE SELF-SUPPLY METERED AND BILLED DIFFERENTLY**  
12 **FROM THE WAY KENTUCKY POWER IS CURRENTLY METERING AND**  
13 **BILLING RIVERSIDE?**

14 A. The primary difference would be the manner in which Riverside's usage and output is  
15 netted. Currently, and appropriately, the separate outputs of the two meters at the  
16 Riverside Station are netted within each 15-minute metering interval described earlier.  
17 Under the PJM OATT<sup>1</sup> provisions, remote self-supply occurs so long as the combined  
18 output for the entire month of the local and remote generators exceeds the combined  
19 usage of those generators for the entire month. Said another way, output from one  
20 generator in one hour could "offset" usage by the remote generator in a different hour 30  
21 days later so long as there is combined net output for the month. In PJM this wholesale  
22 monthly netting is settled financially at the locational marginal price ("LMP") because  
23 actual netting in real time is not occurring.

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<sup>1</sup> Section 1.7.10 of the Appendix to Attachment K of the PJM OATT.

C. Riverside’s Eligibility for Remote Self-Supply.

1 **Q. IS RIVERSIDE ELIGIBLE FOR REMOTE SELF-SUPPLY UNDER TARIFF**  
 2 **N.U.G. AND THE PJM OATT?**

3 A. No. Tariff N.U.G. requires two conditions be met before a merchant generator can take  
 4 advantage of the remote self-supply provisions: (1) that the generators are owned by the  
 5 same individual business entity and (2) that the generators are not located at the same  
 6 site. Based on the evidence provided by Riverside, it appears that neither of these  
 7 conditions can be met.

8 **Q. IS YOUR UNDERSTANDING THAT THE ZELDA GENERATORS AND THE**  
 9 **FOOTHILLS GENERATORS ARE OWNED BY THE SAME INDIVIDUAL**  
 10 **BUSINESS ENTITY AS REQUIRED BY KENTUCKY POWER’S TARIFF?**

11 A. No. In discovery, Kentucky Power asked Riverside to “Please provide a copy of any  
 12 deed or deeds of record evidencing the current ownership of the Zelda Facility.”<sup>2</sup>  
 13 Kentucky Power made a similar request for evidence of ownership of the Foothills  
 14 Facility.<sup>3</sup> Riverside’s responses to these data requests indicate that what Riverside has  
 15 denominated as its Foothills and Zelda facilities are held by separate individual business  
 16 entities.

17 **Q. WHAT ARE THE SEPARATE INDIVIDUAL BUSINESS ENTITIES THAT**  
 18 **HOLD THE ZELDA AND FOOTHILLS PORTIONS OF THE RIVERSIDE**  
 19 **STATION?**

20 A. In response to the request for evidence of ownership of the Zelda Facility, Riverside  
 21 provided a copy of a March 10, 2000 sublease between Gene and Pauletta Wilson (as

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<sup>2</sup> See, Kentucky Power’s Data Request to Riverside 1-8.

<sup>3</sup> See, Kentucky Power’s Data Request to Riverside 1-9.

1 Lessors) and an entity named the Lawrence County Riverside Trust 2000 (as Lessee).<sup>4</sup> In  
 2 response to the request for evidence of ownership of the Foothills Facility, Riverside  
 3 provided a copy of a September 13, 2000 deed between Earl and Clara Kinner and  
 4 Foothills Generating, L.L.C.<sup>5</sup> There is no evidence in the record demonstrating that the  
 5 Zelda and Foothills Facilities are owned by the same individual business entity as  
 6 required by the Company’s tariff.

7 **Q. IS THERE ANY ADDITIONAL EVIDENCE THAT THE FoothILLS AND**  
 8 **ZELDA PORTIONS OF THE RIVERSIDE STATION ARE NOT OWNED BY**  
 9 **THE SAME “INDIVIDUAL BUSINESS ENTITY” AS REQUIRED BY**  
 10 **KENTUCKY POWER’S TARIFF?**

11 A. Yes. In response to KPSC 1-8, Riverside provided a copy of the payment in lieu of tax  
 12 agreements with Lawrence County, Kentucky for the two portions of the Riverside  
 13 Station. Similar to Riverside’s response to Kentucky Power’s data requests seeking  
 14 evidence of ownership, the tax payment agreements are in the names of two separate and  
 15 distinct legal entities: Foothills Generating, L.L.C. and Riverside Generating Company,  
 16 L.L.C. I am not an attorney, and I am not testifying to legal matters, but it appears that  
 17 Lawrence County, Kentucky in connection with “assisting ... [Riverside Generating and  
 18 Foothills Generating] with the acquisition, construction, installation and equipping of ...”  
 19 the Zelda and Foothills portions of the Riverside Station understood it was dealing with  
 20 two separate and distinct legal entities.

21 **Q. BEYOND THE REQUIREMENTS OF KENTUCKY POWER’S TARIFF, IS THE**  
 22 **FACT THAT THE ZELDA AND FoothILLS PORTIONS OF THE RIVERSIDE**

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<sup>4</sup> Riverside’s Response to Kentucky Power Data Request 1-8, pages 2-28.

<sup>5</sup> Riverside’s Response to Kentucky Power Data Request 1-9, pages 2-14.

1           **STATION ARE HELD BY SEPARATE LEGAL ENTITIES RELEVANT TO A**  
2           **GENERATOR’S ABILITY TO OBTAIN REMOTE SELF-SUPPLY UNDER**  
3           **PJM’S OATT?**

4    A.    Yes. Fundamental to a generator’s (or “Market Seller” as they are referred to in PJM’s  
5           OATT) ability to obtain remote self-supply of Station Power within PJM is that both the  
6           generating station supplying the power and the generating station receiving the power  
7           must be owned by the same owner. In fact, as explained by PJM and reflected in  
8           Riverside’s response to Staff’s data requests: “if a generator has defined itself as [its]  
9           own LLC, it cannot net with other generators, even if they are ‘owned’ in the PJM  
10          Market by a common member.”<sup>6</sup> PJM illustrated this limitation with an example in the  
11          same communication: “If there is a Unit A LLC and a Unit B LLC, these two units  
12          cannot net relative to the Station Service netting evaluation.”<sup>7</sup> On the face of the PJM  
13          documentation provided by Riverside, as well as the ownership documentation provided  
14          by Riverside, it is evident that the Lawrence County Riverside Trust 2000 units (the  
15          Zelda portion of the Riverside Station) and Foothills Generating, L.L.C. (the Foothills  
16          portion of the Riverside Station) cannot “net relative to the Station Service netting  
17          evaluation” under the PJM OATT even if those portions of the Riverside Station were  
18          treated as located at remote locations under the Company’s tariff.

19   **Q.    ARE THE ZELDA AND FoothILLS FACILITIES SEPARATE SITES?**

20    A.    No. The evidence in the record shows that the five combustion turbines at the Riverside  
21          Station are located at a single site. The Riverside Station is served as a single retail

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<sup>6</sup> Riverside’s Response to Staff Data Request 1-6, Page 3.

<sup>7</sup> *Id.*

1 Kentucky Power Account.<sup>8</sup> The Riverside Station has a single street address. The  
2 Station has a single administrative building and a single warehouse that serve both  
3 portions of the station.<sup>9</sup> The Riverside Station is served by a single Big Sandy Water  
4 District line and has a single septic system.<sup>10</sup> Natural gas for the two parts of the  
5 Riverside Station is provided through a single lateral.<sup>11</sup> The Kentucky Department for  
6 Environmental Protection treats the Riverside Station as a single site: Riverside has only  
7 one Agency Identification Number, only one Title V air permit, and only one KPDES  
8 wastewater discharge permit.<sup>12</sup> The Riverside Station is also staffed by one set of  
9 employees and is operated for a single control room.<sup>13</sup> Even LS Power's own website  
10 repeatedly refers to the Riverside Station as a single 836 MW project and not two  
11 separate and smaller individual projects.<sup>14</sup>

12 The Riverside Station is a single generating station with five generating units.  
13 That the units were constructed at different times, by different contractors, and on land  
14 that was acquired at different times does not make them separate sites. The Riverside  
15 station is a single site and, accordingly, is not eligible for remote self-supply under Tariff  
16 N.U.G.

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<sup>8</sup> Riverside's Response to Staff Data Request 1-1.

<sup>9</sup> Riverside's Response to Kentucky Power Data Request 1-1.

<sup>10</sup> *Id.*

<sup>11</sup> Riverside's Response to Kentucky Power Data Request 1-10; Riverside's Response to Kentucky Power Data Request 1-11.

<sup>12</sup> See, [https://dep.gateway.ky.gov/eSearch/Search\\_AI\\_Detail.aspx?AgencyID=4392](https://dep.gateway.ky.gov/eSearch/Search_AI_Detail.aspx?AgencyID=4392)

<sup>13</sup> Riverside's Response to Kentucky Power Data Requests 1-1, 1-6.

<sup>14</sup> See, <https://www.lspower.com/project-map/> (project map); <https://www.lspower.com/ls-power-completes-refinancing-university-park-north-university-park-south-riverside-projects/> (press release regarding refinancing of Riverside project, note that the other facilities included in the refinancing, the University Park North and University Park South facilities appear to be located immediately adjacent to each other across a street, but are considered two projects by LS Power); and <https://www.lspower.com/ls-power-completes-purchase-generating-assets-dynegy/> (press release regarding the acquisition by LS Power of generating assets from Dynegy including the 836 MW Riverside facility – not the separate Zelda and Foothills facilities).

1 **Q. MR. HAMMOND ALSO POINTS TO THE FACT THAT THE ZELDA AND**  
2 **FOOTHILLS PORTIONS OF THE RIVERSIDE STATION HAVE SEPARATE**  
3 **“SEPARATE INFRASTRUCTURE AND CONNECTIONS TO KENTUCKY**  
4 **POWER’S NEARBY BAKER SWITCHYARD” AS EVIDENCE THAT THE TWO**  
5 **PORTIONS OF THE RIVERSIDE STATION IN FACT ARE SEPARATE AND**  
6 **REMOTE GENERATORS. DO THESE FACTS INDICATE THAT THE**  
7 **FOOTHILLS AND ZELDA PORTIONS OF THE RIVERSIDE STATION ARE**  
8 **SEPARATE AND REMOTE GENERATORS?**

9 A. No, they simply reflect the engineering and operational decisions made in connection  
10 with the Company’s interconnection with the two portions of the Riverside Station.

11 **Q. MR. HAMMOND FINALLY NOTES THAT THE ZELDA AND FOOTHILLS**  
12 **PORTIONS OF THE RIVERSIDE STATION, ALTHOUGH SHARING “A**  
13 **COMMON PROPERTY LINE, [EXPLAINS] THAT SAME BORDER IS**  
14 **MARKED BY FENCING AND OTHER BARRIERS THAT PROVIDE**  
15 **APPARENT AND ACTUAL PARTITIONING.” IS THE FENCING INDICATIVE**  
16 **OF THE FACT THAT THE ZELDA AND FOOTHILL PORTIONS OF THE**  
17 **RIVERSIDE STATION “ARE NOT LOCATED ON THE SITE OF THE**  
18 **CUSTOMER’S GENERATOR (REMOTE SELF-SUPPLY)...” AS REQUIRED**  
19 **BY THE TARIFF?**

20 A. No. The requirement that the two generators be remotely located and not on the same  
21 sites would be meaningless if all that was required to meet the requirement was to  
22 construct a fence and other barriers between two portions of a single site. The reality of  
23 what Riverside is proposing is captured by Mr. Hammond’s use of the phrase “actual



1 partitioning.” Partitioning, of course, typically connotes an effort to divide a unit. With,  
2 or without the fence, the fact remains, as is made clear from the photographs provided by  
3 Riverside, that the five combustion turbines sit on a single footprint located along U.S.  
4 23.

D. The Impact on Kentucky Power if Riverside is Allowed to Remote Self-Supply.

5 **Q. HAVE YOU ANALYZED KENTUCKY POWER’S SERVICE TO RIVERSIDE?**

6 A. Yes. Exhibit RKW-1 provides a summary of Riverside’s 2017 generation output and the  
7 station’s 2017 energy usage on a monthly basis. This Exhibit also estimates the number  
8 of hours in any month that the Riverside Station is producing energy and the number of  
9 hours in that month that Riverside’s energy needs are provided by Kentucky Power.  
10 Kentucky Power developed this estimate by dividing the monthly generation output for  
11 the station by the station’s installed capacity.

12 **Q. WHAT WOULD THE IMPACT ON KENTUCKY POWER AND ITS OTHER**  
13 **CUSTOMERS BE IF RIVERSIDE IS PERMITTED TO REMOTE SELF-**  
14 **SUPPLY?**

15 A. First, let me reiterate that Riverside does not meet the criteria for remote self-supply as  
16 set forth in Kentucky Power’s Tariff N.U.G. However, if it were allowed to remote self-  
17 supply, Riverside would be effectively using Kentucky Power’s system for free.

18 Riverside relies upon Kentucky Power to provide energy when the generators are  
19 not operating. As shown in Exhibit RKW-1, Kentucky Power provides power to the  
20 Riverside Station in the overwhelming majority of hours. For example, in January 2017,  
21 Riverside’s generation output totaled 21,358 MWh. Riverside’s installed capacity of 836  
22 MW means that the station, if it had operated for the full 744 hours in January, would

1 have generated 621,984 MWh. In January 2017, Riverside only operated for 3.4 percent  
2 of the time. Kentucky Power provided electrical service to Riverside for the remaining  
3 96.6 percent of the month. Under Riverside's proposal, however, because its output  
4 during the 3.4 percent of the month (21,358 MWh) exceeded Riverside's usage during  
5 the 96.6 percent of the month that Kentucky Power provided reliable service to the  
6 station (797 MWh), Kentucky Power will not be paid retail rates for providing these  
7 services.

8 **Q. IF RIVERSIDE IS PERMITTED TO REMOTE SELF-SUPPLY WILL THE**  
9 **MANNER IN WHICH KENTUCKY POWER CURRENTLY SERVES**  
10 **RIVERSIDE CHANGE?**

11 A. No. Riverside will remain a retail customer of Kentucky Power. KRS 278.018 prohibits  
12 Riverside from obtaining station and start up power from retail providers other than  
13 Kentucky Power. Kentucky Power is, in turn, obligated under KRS 278.030(2) to  
14 provide adequate, efficient, and reasonable service to Riverside as a customer within its  
15 service territory. Kentucky Power will continue to provide station power and start-up  
16 power to Riverside under Tariff N.U.G. as it does today. The only difference is that  
17 Kentucky Power will not be paid retail rates for providing the service.

18 **Q. CAN YOU QUANTIFY THE ECONOMIC IMPACT ON THE COMPANY AND**  
19 **ITS CUSTOMERS IF RIVERSIDE IS ABLE TO REMOTE SELF-SUPPLY?**

20 A. Generally, yes. Annually, Kentucky Power's billing to Riverside is approximately \$1.1  
21 million under Tariff I.G.S. As with all of Kentucky Power's rates, Tariff I.G.S. rates  
22 were established using cost of service principles and approved by the Commission as fair,  
23 just, and reasonable. They are designed to allow the Company to recover the costs to

1 serve customers within a particular tariff class based on the then existing load in that  
2 class. As described above, if Riverside is able to remote self-supply under the PJM  
3 OATT, it will receive electricity from Kentucky Power as before but without receiving a  
4 retail bill from Kentucky Power for that service. Kentucky Power will lose  
5 approximately \$1.1 million per year in revenues that previously assisted the Company in  
6 recovering those costs. In its next rate case proceeding, the Company will have to  
7 increase the rates paid by other customers to compensate for the net loss of recovery  
8 from Riverside.

9 **Q. IS RIVERSIDE’S PROPOSED CONSTRUCTION OF THE REMOTE SELF-**  
10 **SUPPLY PROVISION OF TARIFF N.U.G. REASONABLE?**

11 A. Far from it. Riverside proposes to take advantage of the monthly netting period in the  
12 PJM OATT tariff to avoid paying Kentucky Power for the retail electric service it  
13 receives in the overwhelming hours in a month. First, as described above, the Riverside  
14 Station is a single site and, therefore, is not eligible for remote self-supply under Tariff  
15 N.U.G. Second, allowing Riverside to remote self-supply would force Kentucky Power  
16 to increase rates for other customers to compensate for lost revenue.

17 **V. CONCLUSION**

18 **Q. DO YOU HAVE A RECOMMENDATION FOR THE COMMISSION?**

19 A. Yes. Riverside’s Complaint should be rejected. Riverside does not meet the criteria for  
20 remote self-supply under Tariff N.U.G. The evidence of ownership provided by  
21 Riverside shows separate owners of the Zelda and Foothills Facilities. Additionally,  
22 even if the facilities were owned by the same business entity, they comprise a single site.  
23 Riverside is a single retail customer of the Company and should continue to be billed

1 under Kentucky Power's Tariff I.G.S. To do otherwise would result in Riverside  
2 receiving service from the Kentucky Power system without paying for it and thereby  
3 shifting the cost of that service to all other Kentucky Power customers. Finally, if the  
4 Commission were to conclude that the remote self-supply provision of Tariff N.U.G.  
5 should be interpreted as Riverside urges, and it should not, the remote self-supply  
6 provision of Tariff N.U.G. should be eliminated to eliminate any free-riding by Riverside  
7 and thereby protect the interests of the other Kentucky Power customers.

8 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

9 A. Yes.

**EXHIBIT RKW-1**

Riverside Site  
Estimated Operational Hours  
2017

Hours	8,760	744	672	744	720	744	744	720	744	744	720	744	744	720	744	744	720	744	744	
<b>Energy Usage (MWh)</b>	<b>Totals</b>																			
Energy Usage (KWh)	9,768,832	797,128	862,140	850,800	838,060	796,204	797,844	793,480	793,480	789,872	822,648	754,684	841,968	824,004	824,004	824,004	824,004	824,004	824,004	824,004
Energy Usage (MWh)	9,769	797	862	851	838	796	798	793	793	790	823	755	842	824	824	824	824	824	824	824

Net Energy (MWh)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Totals</b>	9,769	862	851	838	796	798	793	790	823	755	842	824
Total MWhs Generated	435,006	-	57,576	7,291	23,347	17,418	43,371	25,666	74,789	44,789	30,772	88,629
<b>Net Energy (MWh)</b>	<b>20,561</b>	<b>(862)</b>	<b>56,725</b>	<b>6,453</b>	<b>22,551</b>	<b>16,620</b>	<b>42,578</b>	<b>24,876</b>	<b>73,966</b>	<b>44,034</b>	<b>29,930</b>	<b>87,805</b>

Total MWhs Generated	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Totals</b>	97,671	5,823	15,214	2,082	6,321	3,841	8,380	5,141	16,454	9,365	6,345	18,705
RIVERSIDE 1 ZELDA	78,746	5,227	12,669	717	1,304	3,096	8,006	5,471	14,339	7,342	5,168	15,407
RIVERSIDE 2 ZELDA	83,140	3,901	11,773	-	5,052	2,897	7,531	5,939	13,977	9,206	5,077	17,787
RIVERSIDE 3 ZELDA	92,605	5,162	11,546	2,550	6,027	3,990	9,715	3,279	15,205	9,880	6,937	18,314
RIVERSIDE 4 FOOHILLS	82,844	1,245	6,374	1,942	4,643	3,594	9,739	5,836	14,814	8,996	7,245	18,416
<b>Total MWhs Generated</b>	<b>435,006</b>	<b>21,358</b>	<b>57,576</b>	<b>7,291</b>	<b>23,347</b>	<b>17,418</b>	<b>43,371</b>	<b>25,666</b>	<b>74,789</b>	<b>44,789</b>	<b>30,772</b>	<b>88,629</b>

ICAP	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Totals</b>	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20
RIVERSIDE 1 ZELDA	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20
RIVERSIDE 2 ZELDA	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20
RIVERSIDE 3 ZELDA	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20
RIVERSIDE 4 FOOHILLS	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20
RIVERSIDE 5 FOOHILLS	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20	167.20
<b>Totals</b>	<b>836.00</b>	<b>836.00</b>	<b>836.00</b>	<b>836.00</b>	<b>836.00</b>	<b>836.00</b>	<b>836.00</b>	<b>836.00</b>	<b>836.00</b>	<b>836.00</b>	<b>836.00</b>	<b>836.00</b>

Est Service Hours	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Totals</b>	584.16	-	90.99	12.45	37.81	22.97	50.12	30.75	98.41	56.01	37.95	111.87
RIVERSIDE 1 ZELDA	470.97	-	75.77	4.29	7.80	18.52	47.88	32.72	85.76	43.91	30.91	92.15
RIVERSIDE 2 ZELDA	497.25	-	70.41	-	30.22	17.33	45.04	35.52	83.59	55.06	30.36	106.38
RIVERSIDE 3 ZELDA	553.86	-	69.06	15.25	36.05	23.86	58.10	19.61	90.94	59.09	41.49	109.53
RIVERSIDE 4 FOOHILLS	495.48	-	38.12	11.61	27.77	21.50	58.25	34.90	88.60	53.80	43.33	110.14
<b>Avg Est Service Hours</b>	<b>520.34</b>	<b>25.55</b>	<b>68.87</b>	<b>8.72</b>	<b>27.93</b>	<b>20.83</b>	<b>51.88</b>	<b>30.70</b>	<b>89.46</b>	<b>53.58</b>	<b>36.81</b>	<b>106.02</b>

Est Cap Factor	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Totals</b>	6.67%	0.00%	12.23%	1.73%	5.08%	3.19%	6.74%	4.13%	13.67%	7.53%	5.27%	15.04%
RIVERSIDE 1 ZELDA	5.38%	0.00%	10.18%	0.60%	1.05%	2.57%	6.44%	4.40%	11.91%	5.90%	4.29%	12.39%
RIVERSIDE 2 ZELDA	5.68%	0.00%	9.46%	0.00%	4.06%	2.41%	6.05%	4.77%	11.61%	7.40%	4.22%	14.30%
RIVERSIDE 3 ZELDA	6.32%	0.00%	9.28%	2.12%	4.84%	3.31%	7.81%	2.64%	12.65%	7.94%	5.76%	14.72%
RIVERSIDE 4 FOOHILLS	5.66%	0.00%	5.12%	1.61%	3.73%	2.99%	7.83%	4.69%	12.31%	7.23%	6.02%	14.80%
<b>Avg Est Cap Factor</b>	<b>5.94%</b>	<b>0.00%</b>	<b>9.26%</b>	<b>1.21%</b>	<b>3.75%</b>	<b>2.89%</b>	<b>6.97%</b>	<b>4.13%</b>	<b>12.43%</b>	<b>7.20%</b>	<b>5.11%</b>	<b>14.25%</b>

Est Hours Drawing Power	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Totals</b>	70.3%	100.0%	53.7%	93.9%	81.2%	85.5%	65.1%	79.4%	37.9%	64.0%	74.4%	28.8%
1 CT Only Operation % of hours drawing power	85.2%	100.0%	76.9%	97.0%	90.6%	92.8%	82.6%	89.7%	68.9%	82.0%	87.2%	64.4%
2 CT Only Operation % of hours drawing power	<b>90.1%</b>	<b>100.0%</b>	<b>84.6%</b>	<b>98.0%</b>	<b>93.7%</b>	<b>95.2%</b>	<b>88.4%</b>	<b>93.1%</b>	<b>79.3%</b>	<b>88.0%</b>	<b>91.5%</b>	<b>76.3%</b>
3 CT Only Operation % of hours drawing power	92.6%	100.0%	88.4%	98.5%	95.3%	96.4%	91.3%	94.8%	84.5%	91.0%	93.6%	82.2%
4 CT Only Operation % of hours drawing power	94.1%	100.0%	90.7%	98.8%	96.2%	97.1%	93.0%	95.9%	87.6%	92.8%	94.9%	85.8%
5 CT Only Operation % of hours drawing power												

**Notes**  
Energy Usage & Generation per Riverside testimony  
Service Hours and Capacity Factors may be impacted by startups, temperatures and hours of operation below base load  
ICAP estimated based on equal capacity for each CT

