Kentucky Power Company
KPSC Case No. 2018-00378
Commission Staff's First Set of Data Requests
Order Dated January 10, 2019

DATA REQUEST

KPSC 1_1 Refer to the application, page 1, and paragraphs 19 through 23. Provide Kentucky Power's capacity, peak load and reserve margin over the term of the proposed contract.

RESPONSE

See KPCO_R_KPSC_1_1_Attachment1.pdf for the requested information.

Witness: Ranie K. Wohnhas

KPSC Case No. 2018-00378
Commission Staff's First Request for Information
Dated January 10, 2019
Item No. 1
Attachment 1
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KENTUCKY POWER COMPANY
Projected Summer Peak Demands, Generating Capabilities, and Margins (UCAP)
Based on June 2018 Load Forecast

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)					
				=(1)+(2)				=((3)-((4)*(5)))*(6)			=(8)-(9)						=(13)+(14) - (7)	=(13)+(14)+(15)-(7)					
		Obligation to PJM							Resources								KPCo Position (MW)		PJM Reserve Margin				
												Incremental Planned Capacity Additions (ICAP)											
Planning Year		Internal Demand (a)	DSM(b)	Net Internal Demand	Interruptible Demand Response(c)	Demand Response Factor	Forecast Pool Req't(d)	Total UCAP Obligation	ICAP Existing Capacity & Planned Changes(e)	ICAP Net Capacity Sales	Net ICAP	Units	MW	Annual UCAP Purchases	UCAP Existing Capacity(f,g)	UCAP Planned Additions Capacity	Net Position w/o New Capacity	Net Position w/New Capacity	Total UCAP Obligation Less IDR and IRM	Installed Reserve Margin (IRM)	KPCo Reserve Margin Above PJM IRM	Total KPCo Reserve Margin	Planning Year
2018 /19	(h)	995	0	995	1	1	1	1,084	1,452	0	1,452			0	1,302	0	218	218	935	16.10%	23.27%	39.37%	2018 /19
2019 /20	(h)	999	0	999	1	1	1	1,088	1,452	0	1,452		0	0	1,323	0	235	235	940	15.90%	25.05%	40.95%	2019 /20
2020 /21	(h)	994	0	994	0	1	1	1,083	1,452	0	1,452		0	0	1,323	0	240	240	934	15.90%	25.73%	41.63%	2020 /21
2021 /22	(h)	997	0	997	0	1	1	1,086	1,452	0	1,452		10	0	1,323	2	237	239	938	15.80%	25.53%	41.33%	2021 /22
2022 /23		1,016	0	1,016	0	1	1	1,107	1,060	0	1,060		0	0	945	2	(162)	(160)	956	15.80%	-16.72%	-0.92%	2022 /23
2023 /24		1,013	0	1,013	0	1	1	1,104	1,060	0	1,060		0	0	945	2	(159)	(157)	953	15.80%	-16.45%	-0.65%	2023 /24
2024 /25		1,012	0	1,012	0	1	1	1,103	1,060	0	1,060		0	0	945	2	(158)	(156)	953	15.80%	-16.36%	-0.56%	2024 /25
2025 /26		1,010	0	1,010	0	1	1	1,100	1,060	0	1,060		0	0	945	2	(155)	(153)	950	15.80%	-16.09%	-0.29%	2025 /26
2026 /27		1,009	0	1,009	0	1	1	1,099	1,060	0	1,060		0	0	945	2	(154)	(152)	949	15.80%	-15.99%	-0.19%	2026 /27
2027 /28		1,008	0	1,008	0	1	1	1,099	1,060	0	1,060		0	0	945	2	(154)	(152)	949	15.80%	-15.99%	-0.19%	2027 /28
2028 /29		1,008	0	1,008	0	1	1	1,098	1,060	0	1,060		0	0	945	2	(153)	(151)	948	15.80%	-15.90%	-0.10%	2028 /29

Notes:
(a) Based on (June 2018) Load Forecast (with implied PJM diversity factor)
(b) Existing plus approved and projected "Passive" EE, and VVO. DSM is included in the PJM forecast.
(c) Demand Response approved by PJM in the prior planning year plus forecasted "Active" DR
(d) Forecast Pool Requirement (FPR) = (1 + IRM) * (1 - PJM EFORd)
(e) Reflects the members ownership ratio of following summer capability assumptions:
EFFICIENCY IMPROVEMENTS: None
FGD DERATES: None
GAS CONVERSION RERATES: None
RETIREMENTS & LEASE END:
Rockport 2 - 12/08/2022 (Lease Ends)
Rockport 1 - 12/31/2022 AEG lease ends, I&M receives 100% of Unit 1
(f) Based on 12-month avg. AEP EFORd in eCapacity as of twelve months ended 9/30 of the previous year
(g) Includes Capacity Removed as part of PJM Capacity Performance Rule
(h) Actual PJM forecast

DATA REQUEST

KPSC 1_2 Refer to the application, paragraph 3. Identify any other existing customers or potential customers that have inquired about the economic development rider and provide the status of those inquiries.

RESPONSE

Two coal extraction or processing customers have inquired in the past twelve months about taking service under the coal-related provisions of Tariff E.D.R.: Calvary Enterprises (a new customer) and Blackhawk Mining (an existing customer). The Company's request to extend the coal-related provisions of Tariff E.D.R. through December 31, 2019 is being considered by the Commission in Case No. 2018-00426.

Big Run Power Producers LLC is the sole non-coal extraction or processing customer or prospective customer to inquire in the past twelve months about taking service under Tariff E.D.R. The Company's application to approve the special contract with Big Run Power Producers under Tariff E.D.R. is pending before the Commission in Case No. 2018-00378.

The Company also has received other inquiries concerning Tariff E.D.R. since the tariff was approved in March 2015 . Typically, these inquiries arise in connection with third-party economic development efforts and the Company is not made aware of the prospective customer's identity. To date, these inquiries have not resulted in a prospective customer taking service under Tariff E.D.R.

More generally, the Company promotes Tariff E.D.R. to economic development prospects (or economic development agencies such as Ashland Alliance) and existing customers who are seeking to expand operations and may benefit from Tariff E.D.R.

Witness: Ranie K. Wohnhas

DATA REQUEST

KPSC 1_3 Refer to the application, paragraph 7. Explain whether the conversion and expansion of the Big Run Landfill have been completed.

RESPONSE

As of January 2019, the conversion and expansion of the Big Run plant is nearly complete. Big Run is awaiting receipt of two final subsystems from its fabrication shops. Big Run expects to commission the gas upgrading facility and begin commercial operations by early March.

Witness: Ranie K. Wohnhas

DATA REQUEST

KPSC 1_4 Refer to the application, paragraph 9.

a. Explain how the term of the proposed contract was determined.

b. Were there any other timeframes considered for the term of the contract?

RESPONSE

a. The term of the contract was determined through discussions with Big Run Power Producers personnel.

b. Yes, other timeframes were discussed. Big Run Power Producers requested the ten-year term initially and elected to stay with a ten-year contract term following these discussions.

Witness: Ranie K. Wohnhas

DATA REQUEST

KPSC 1_5 Refer to the application, paragraph 10. By what date does Kentucky Power request a final Order in this matter?

RESPONSE

Kentucky Power requests a decision by early March to align with Big Run's anticipated March 2019 start of commercial operations. Please see the Company's response to KPSC 1-3.

Witness: Ranie K. Wohnhas

DATA REQUEST

KPSC 1_6 Refer to the Application, paragraph 17, regarding upgrades to Kentucky Power's distribution facilities to serve the expanded Big Run Power Producers LLC (Big Run) contract. Identify the upgrades that will be needed to Kentucky Power's distribution facilities, the projected costs of those upgrades, and the mechanism by which Kentucky Power will recover such costs from Big Run.

RESPONSE

The upgrades to Kentucky Power's distribution facilities (including upgrades to common facilities used to serve other customers) to serve the expanded Big Run load have been completed. The upgrades consisted of tree trimming and increasing the size of the conductor on the distribution lines. Additionally, the larger size conductor required upgrades to poles, cross-arms, and other distribution equipment. The actual costs of these upgrades totaled $267,806.79.

Cost of upgrades	
AFUDC	557.79
Materials And Supplies	69,119.24
Outside Services	198,129.76
Grand Total	**267,806.79**

Kentucky Power expects to recover the costs of these upgrades through the incremental revenue from serving Big Run's expanded operations.

Witness: Ranie K. Wohnhas

DATA REQUEST

KPSC 1_7 Refer to the application, paragraph 18, regarding the minimum billing demand level for the Big Run Landfill. Confirm that the minimum billing demand level for the Big Run Landfill is 2.16 megawatts (MW), which represents 60 percent of 3.6 MW.

RESPONSE

Confirmed.

Witness: Ranie K. Wohnhas

DATA REQUEST

KPSC 1_8 Refer to the application, paragraph 21. Identify the potential load(s) that Kentucky Power anticipates adding to its system in the next few years and quantify the resulting shortfall in capacity to serve Kentucky Power's load for the 2022/2023 PJM planning year.

RESPONSE

The load forecast inherently has some load growth included as a result of the various economic drivers utilized. The Company added additional load to this forecast to reflect load not captured by the modeling process. Please see KPCO_R_KPSC_1_8_Attachment1.xls for specific customer load additions to the forecast. The "Braidy Operations" load was a conservative value based upon very early discussions with Braidy.

For 2021 and beyond, the Company added 212 GWh to its estimated industrial load, which equates to approximately 40 MW of additional load. See KPCO_R_KPSC_1_1_Attachment1.pdf for information concerning Kentucky Power's capacity position. [The capacity shortfall beginning the 2022/2023 planning year shown in KPCO_R_KPSC_1_1_Attachment1.pdf is not the result of incremental loads the Company plans to add to its system but instead results from the expiration of the Rockport lease agreement on December 22, 2022.]

Witness: Ranie K. Wohnhas

DATA REQUEST

KPSC 1_9 Refer to the application, Exhibit 4, page 2 of 3. Provide the calculation of the annual carrying cost of 21 .95 percent.

RESPONSE

The value of 21.95% can be found in the Company's Terms and Conditions of Service, Extension of Service provision on Sheet No. 2-7 of the Company's approved tariffs. The calculation is provided as KPCO_R_KPSC_1_9_Attachment1.xlsx.

Witness: Ranie K. Wohnhas

VERIFICATION

The undersigned, Ranie K. Wohnhas, being duly sworn, deposes and says he is the Managing Director of Regulatory & Finance for Kentucky Power, that he has personal knowledge of the matters set forth in the foregoing responses and 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. 2018-00378
County of Boyd)

Subscribed and sworn before me, a Notary Public, by Ranie K. Wohnhas this 23rd day of January, 2019.

Trisha M. Young Blum

Notary Public

My Commission Expires 3-18-19

TRISHA M. YOUNG
NOTARY ID 530202
COMMISSION EXPIRES 3-18-19