

Kentucky Power Company
KPSC Case No. 2018-00418
Commission Staff's Second Set of Data Requests
Order Dated February 22, 2018

DATA REQUEST

KPSC 2_1 Refer to Confidential Exhibit AEV-1 of the application, page 2 of 2.
Indicate whether Kentucky Power has performed a forecasted variable
cost analysis covering the term of the contract. If so, provide the analysis.
If not, explain why not.

RESPONSE

Yes, it has. The Company's variable cost analysis for the proposed Braidy contract is included in Company Confidential Exhibit AEV-1 and the Company's response to KPSC 1_14. The "NEC Cost" column is the Company's forecast of variable energy supply costs on an annual basis and is the proxy used as the variable cost associated with the Braidy special contract. The details that make up those NEC Cost forecast figures is contained in the Company's response to KPSC 1_14.

Witness: Alex E. Vaughan

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KPSC 2_2 Refer to the response to Staff's First Request, Item 14. Explain how the amount of 1,051,200 MWh was determined or what it represents.

RESPONSE

Under the 180 MW of Braidy peak demand scenario, 1,051,200 MWh was the estimate of incremental annual Braidy usage from Kentucky Power Company.

The computation of the annual usage of 1,051,200 MWh was as follows: 180 MW x 8,760 hours/year x 66.6666% Load Factor = 1,051,200 MWh, with the key assumptions being the 180 MW and the load factor.

Witness: Alex E. Vaughan

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DATA REQUEST

KPSC 2_3 Refer to Attachment 1 to the response to Staff's First Request, Item 14. Explain why the net energy costs from market purchases increase approximately 170 percent over the term of the contract when the net energy requirement from market purchases only increases approximately 33 percent over the same period.

RESPONSE

The NEC forecast assumes that market prices will escalate in the future. That is the reason why net energy costs from market purchases increase at a higher rate than the market purchase volumes increased.

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 foregoing responses and the information contained therein is true and correct to the best of his information, knowledge, and belief.



Princess M. Brown
Notary Public, State of Ohio
My Commission Expires 07-19-2020

Alex E. Vaughan

Ohio)
County of Franklin)

Case No. 2018-00418

Subscribed and sworn before me, a Notary Public, by Alex E. Vaughan this
28 day of February, 2019.

Notary Public

My Commission Expires 4/19/2020