

Kentucky Power Company
KPSC Case No. 2019-00140
Commission Staff's First Set of Data Requests
Dated May 14, 2019

DATA REQUEST

KPSC 1_1 Provide a summary schedule showing the calculation of E(m) and the surcharge factor for the expense months covered by the billing periods under review. Use ES Form 1.00 as a model for this summary. Include the two expense months subsequent to the billing periods in order to show the over- and under-recovery adjustments for the months included in the billing period under review. Include a calculation of any additional over- or under-recovery amount Kentucky Power believes needs to be recognized for the six-month review. Provide the schedule and all supporting calculations and documentation in Excel spreadsheet format with all cells and formulas intact and unprotected.

RESPONSE

Please refer to KPCO_R_KPSC_1_1_Attachment1 for the requested information.

The Company is not proposing any adjustments to the environmental costs for the review period in this proceeding. Please see the testimony of Company Witness West addressing the under-recovery of urea in transit and limestone in transit for the expense months of March 2018 through January 2019, and Kentucky Power's post-review period recovery of the \$11,275 total under-recovery in connection with its May 2019 filing.

Witness: Brian K. West

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KPSC 1_2

The net gain or loss from sulfur dioxide and nitrogen oxide emission allowance sales are reported on ES Form 3.00, Calculation of Current Period Revenue Requirement, Third Component. For each expense month covered by the billing period under review, provide an explanation of how the gain or loss reported in the expense month was calculated and describe the transaction(s) that was/were the source of the gain or loss.

RESPONSE

Please refer to KPCO_R_KPSC_1_2_Attachment1 for the requested information.

Witness: Brian K. West

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- KPSC 1_3 Reference ES Forms 3.1 1 A and 3.11 B for each expense month covered by the billing period under review..
- a. For each month in the six-month review period, provide the calculation that supports the total cost of allowances consumed that is then carried to ES Form 3.13.
 - b. Provide an explanation and the reasons for the fluctuations in the monthly average cost of allowances determined in 3.a.

RESPONSE

- a. Please refer to KPCO_R_KPSC_1_3_Attachment1 for the requested information.
- b. There were no fluctuations in the monthly average cost of allowances determined in 3.a.

Witness: Brian K. West

DATA REQUEST

KPSC 1_4 Refer to ES Form 3.13, Mitchell Environmental Costs for each expense month covered by the billing period under review. Explain the reason(s) for any change in the expense levels from month to month if that change is greater than plus or minus 10 percent for each of the following operating and maintenance costs listed:

- a. Line 14 Monthly Disposal (5010000)
- b. Line 15 Monthly Urea Expense (5020002)
- c. Line 16 Monthly Trona Expense (5020003)
- d. Line 17 Monthly Lime Stone Expense (5020004)
- e. Line 18 Monthly Polymer Expense (5020005)
- f. Line 19 Monthly Lime Hydrate Expense (5020007)
- g. Line 20 Monthly WV Air Emission Fee
- h. Line 26 Monthly FGD Maintenance Expense
- i. Line 27 Monthly Non-FGD Maintenance Expense

RESPONSE

a. Monthly Disposal. Monthly disposal expense reflects revenues derived from sales of gypsum to the neighboring wallboard plant. The variations during the review period reflect monthly changes in the wallboard plant's demand for gypsum from the Mitchell generating station.

b & d. Urea and Limestone. Usage of urea and limestone at Mitchell varies directionally (but not necessarily directly) with changes in the level of plant operation, including variations resulting from outages and deratings. For example, outages at both Mitchell Units during the March - May 2018 time period, plus other minor outages at both units during the June - October 2018 time period, reduced urea and limestone expenses during those months.

c, e, & f. Trona, Lime Hydrate, and Polymer. Trona, lime hydrate, and polymer are expensed upon delivery to the plant. The monthly variations in these consumable expenses reflect the monthly variations in the deliveries of those three consumables to the plant.

g. Air Emission Fees. Kentucky Power receives an invoice for West Virginia Department of Environmental Protection air emission fees once annually and includes 1/12 of the annual total in each monthly filing. There was an 1.1% variation from June to July reflecting the reduction in the annual fee from \$181,152 to \$179,136.

h & i. Maintenance Expense. The monthly variations in maintenance expense result primarily from variation in maintenance activities at the plant. Plant management makes maintenance decisions to ensure the safe, reliable, and compliant operation of the Mitchell Plant.

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More specifically, maintenance events during the review period that led to monthly variability included:

Expense Month	FGD Maintenance Activity	Amount (approx.)
April 2018	Both units in outages	\$284,233
May 2018	Unit 2, ID Fans 1&2 repair	\$12,211
June 2018	Unit 2, ID Fan vibration	\$13,002
July 2018	Plant CPS inspections	\$12,256
August 2018	Add balls to ball mill	\$10,071
September 2018	Unit 1, rebuild ID Fan #12 hubs	\$215,735
October 2018	Unit 1, absorber recycle pump repairs	\$16,352

Similarly, for non-FGD Maintenance expenses, expenses varied in connection with changes in maintenance activity. Additional maintenance events during the review period that led to monthly variability included:

Expense Month	Non-FGD Maintenance Activity	Amount (approx.)
May 2018	Unit 2, Precipitator repairs	\$66,071
July 2018	Plant, CEMS inspections & repairs	\$18,596
July 2018	Both Units, Precipitator repairs	\$15,301
September 2018	Unit 2, Precipitator repairs	\$122,199
September 2018	Unit 1, CPS Cleaning & Vacuuming	\$18,392
September 2018	Plant, CEMS inspections & repairs	\$11,719

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KPSC 1_5 Refer to ES Form 3.20, Rockport Environmental Costs for each expense month covered by the billing period under review. Explain the reason(s) for any change in the expense levels from month to month if that change is greater than plus or minus 10 percent for each of the following operating and maintenance costs listed:

- a. Line 10 Monthly Brominated Sodium Bicarbonate (5020028)
- b. Line 11 Monthly Activated Carbon (5020008)
- c. Line 12 Monthly IN Air Emission Fee
- d. Line 15 Monthly Maintenance Expense

RESPONSE

a & b. Consumables. Consumable usage varies directionally (but not necessarily directly) with changes in the level of plant operation, including variations resulting from outages and deratings. The months with the lowest generation during the review period were May, September and October. The months of the review period with the highest generation, and likewise the highest consumable expense, were June, July and August. The consumable variation greater than plus or minus 10% follows this generation profile.

c. Air Emission Fees. There was no variance in monthly air emission fees paid to IDEM during the review period.

d. Maintenance Expense. The monthly variations in maintenance expense resulted primarily from variations in maintenance activities at the plant. Plant management makes maintenance decisions to ensure the safe, reliable, and compliant operation of the Rockport Plant.

More specifically, maintenance events during the review period that led to increased monthly variability included:

Expense Month	Maintenance Activity	Amount (approx.)
July	SCR Monitoring System Repair & Maintenance	\$47,000
September	Precipitator Repair & Maintenance	\$233,000
October	Precipitator Repair & Maintenance	\$206,000

Witness: Brian K. West

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DATA REQUEST

KPSC 1_6 Provide the 12-month average residential customer's monthly usage as of October 31 , 2018. Based on this usage amount, provide the dollar impact any over- or under-recovery will have on the average residential customer's bill for the requested recovery period. Provide all calculations in electronic spreadsheet format with all formulas intact and unprotected and all rows and columns accessible.

RESPONSE

The 12-month average residential customer's monthly usage as of October 31, 2018 was 1,334 kWh.

The Company is not proposing any adjustments to the environmental costs for the review period in this proceeding. Please see the testimony of Company Witness West addressing the under-recovery of urea in transit and limestone in transit for the expense months of March 2018 through January 2019, and Kentucky Power's post-review period recovery of the \$11,275 total under-recovery in connection with its May 2019 filing.

KPCO_R_KPSC_1_6_Attachment1 provides the calculation of the impact to the current review period under-recovery and the total under-recovery would have had on an average residential customer's bill if it had been recovered based on the October 31, 2018 average residential customer's monthly usage.

Witness: Brian K. West

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KPSC 1_7 If the response to Item 1 to this request proposes additional adjustments to environmental costs for the review period, explain whether the adjustments impact the environmental costs assigned to non-associated utilities under the System Sales Clause. Provide a detailed analysis of any necessary adjustments to the environmental costs assigned to non-associated utilities resulting from the adjustments proposed in Item 1.

RESPONSE

The Company is not proposing any adjustments to the environmental costs for the review period in this proceeding. Please see the testimony of Company Witness West addressing the under-recovery of urea in transit and limestone in transit for the expense months of March 2018 through January 2019, and Kentucky Power's post-review period recovery of the \$11,275 total under-recovery in connection with its May 2019 filing.

KPCO_R_KPSC_1_7_Attachment1 illustrates the marginal impact of the \$11,275 under-recovery on environmental costs assigned to non-associated utilities under the System Sales Clause. A portion of the under-recovery affected the non-associated utilities environmental costs on Form 2.0 for the months of March 2018 through June 2018 provided by the Company in its August 15, 2018 annual System Sales Clause (SSC) filing. The minimal amount of the under-recovery did not affect the calculation of the Company's SSC rate submitted in the August 15, 2018 filing. Nonetheless, the Company will incorporate the corrected March 2018 through January 2019 non-associated utilities' environmental costs with its next annual SSC filing.

Witness: Brian K. West

