

Kentucky Power Company
KPSC Case No. 2019-00389
Commission Staff's First set of Data Request
Dated January 17, 2020
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DATA REQUEST

KPSC 1_5 Refer to the Osborne Testimony, pages 8-9, regarding the installation of the SCR system at Rockport Unit 2 being the reasonable least-cost alternative to meeting Indiana Michigan Power Company's (I&M) capacity and energy obligations. Explain whether an economic analysis was conducted to determine whether the Rockport Unit 2 SCR was the reasonable least-cost alternative associated with Kentucky Power's 15 percent share of the Rockport Unit's capacity and energy. If an economic analysis was performed, provide a copy of that analysis. If none was performed, explain why not.

RESPONSE

In-depth analyses were performed in connection with I&M's filing for a Certificate of Public Convenience and Necessity (CPCN) in Indiana Utility Regulatory Commission (IURC) Cause No. 44871 and in support of I&M's 2019 application to adjust its electric rates in Michigan in Michigan Public Service Commission (MPSC) Case No. U-20359.

The Rockport Unit 2 SCR CPCN analysis demonstrated that for I&M's 85% share of Rockport Unit 2 costs, the SCR retrofit is \$239 million less expensive than terminating the Rockport Unit 2 lease as of January 1, 2020. A copy of the testimony and analysis submitted in the Rockport Unit 2 SCR CPCN case is attached as KPCO_R_KPSC_1_5_Attachment1. In its March 26, 2018 Order approving the Rockport Unit 2 SCR CPCN, the IURC found that "the SCR retrofit is the reasonable least-cost compliance option, even if it is only in service for the benefit of I&M customers through the end of the original lease term" and that "[s]ubstantive evidence show[ed]" that the SCR retrofit "is a reasonable least-cost alternative to meeting I&M's capacity and energy obligations." IURC Order at pg. 32. A copy of the IURC's Order is attached as KPCO_R_KPSC_1_5_Attachment2.

In its 2019 Michigan rate case, which was based upon more recent forecast information and assumed a later lease termination date, I&M's analysis demonstrated that, for I&M's 85% share of Rockport Unit 2 costs, the SCR retrofit is \$141 million less expensive than terminating the Rockport Unit 2 lease as of June 1, 2020.

It is reasonable to conclude based on these analyses that if the installation of the Rockport Unit 2 SCR was the least-cost option for I&M's 85% share, it would also be the least-cost option for Kentucky Power's 15% share of the same unit. In order to confirm this

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conclusion, Kentucky Power is preparing, and will supplement this response with, an economic analysis specific to its 15% share.

Witness: Mark A. Becker

MARCH 3, 2020 SUPPLEMENTAL RESPONSE

Based upon an analysis performed in February 2020, the installation of the Rockport Unit 2 SCR is also the least-cost option for Kentucky Power's 15% share of Rockport Unit 2. The installation of the Rockport Unit 2 SCR is \$18.8 million less expensive for Kentucky Power than terminating the Rockport Unit 2 lease as of June 1, 2020. *See* KPCO_R_KPSC_1_5_Attachment3. The economic analysis presented in KPCO_R_KPSC_1_5_Attachment3 was performed in February 2020 and utilized the same Base Band commodity pricing assumptions as I&M's Rockport Unit 2 SCR analyses. The remaining assumptions utilized in Kentucky Power's economic analysis are the same as, and based on, those underlying the Company's 2019 integrated resource plan filing in Case No. 2019-00443.

Witness: Mark A. Becker

VERIFICATION

The undersigned, Mark A. Becker, being duly sworn, deposes and says he is the Resource Planning Manager, American Electric Power Service Corporation, that he has personal knowledge of the matters set forth in the foregoing response, and that the answers contained therein are true and correct to the best of his information, knowledge, and belief.

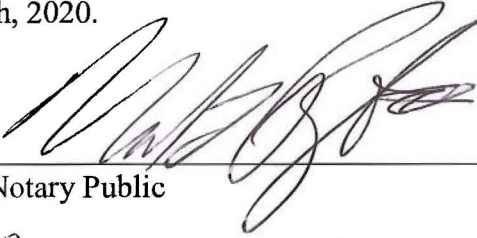


MARK A. BECKER

STATE OF Oklahoma)
COUNTY OF Tulsa)

Case No. 2019-00389

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Mark A. Becker this the 2 day of March, 2020.



Notary Public

My Commission Number - 10460
My Commission Expires: 6/21/20

(SEAL)

