

Kentucky Power Company
KPSC Case No. 2020-00004
Commission Staff's 2nd Set of Data Requests
Dated April 2, 2020

DATA REQUEST

- KPSC 2_1** Refer to Kentucky Power's response to Commission Staff's First Request for Information (Staff's First Request), Item 1, regarding the fuel contracts for Coal Network, LLC and Ember Energy, LLC.
- a. Explain the reasoning behind those contracts being amended with the term in excess of one year.
 - b. Confirm if Kentucky Power has filed those amended fuel contracts with the Commission.

RESPONSE

- a. Kentucky Power extended the term of the agreements to allow shortfall tons to be made up as the contract price was below the market price of similar coal at the time the term was extended.
- b. Yes, the amended fuel contracts have been filed with the Commission.

Witness: Amy E. Jeffries

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DATA REQUEST

- KPSC 2_2** Refer to Kentucky Power's response to Staff's First Request, Item 13, attachment 1.
- a. Describe the abbreviations listed under the "Ref" column heading.
 - b. Describe each account number listed under the "Account" column heading.
 - c. Reconcile how the account totals are combined to match what is included in FAC filings.
 - d. Explain how any specific Account is tied to PJM billing line items.

RESPONSE

- a. The abbreviations listed are internal AEP references used by AEP's accounting and Commercial Operations departments when recording entries into the ledger. Please see KPCO_R_KPSC_2_2a_Attachment1 for a description of the abbreviations.
- b. Please see KPCO_R_KPSC_2_2b_Attachment1 for descriptions of each account.
- c. Attachment 1 cannot be reconciled with the company's monthly FAC filing because the majority of the accounts reflected in attachment 1 are not recovered through the Fuel Adjustment Clause.
- d. Account numbers are chosen in a fashion that both satisfies the FERC Uniform System of Accounts (eg. 447=Revenue, 555=Purchased Power, etc.) and that sufficiently distinguishes the charge category for internal reporting purposes. When a new billing line item (BLI) is identified, existing accounts will be reviewed for re-use. If no usable account is identified, Accounting will establish a new account for use in recording activity associated with the BLI in accordance with FERC guidance.

As an example, PJM reports Spot Energy as BLI 1200 (Day Ahead) and BLI 1205 (Balancing). AEP's internal accounting needs to differentiate Spot Energy sales reported on these line items from Spot Energy Purchases. Spot Energy Purchase are further differentiated based on whether they serve internal load or whether they were used to supply sales. To support this reporting, Spot Purchases used to supply internal load are recorded in 5550001 and Spot Purchases used to supply sales are recorded in 5550080. However, for accounting purposes, AEP does not need to treat Day Ahead Spot Energy differently Balancing Spot Energy. As a result, both are recorded in the same account.

Witness: Brian K. West

<u>Ref</u>	<u>Description</u>
KSHD	Non-Direct Optimization Trading of Natural Gas Transactions - MTM (Mark to Market)
NEQT	Physical auction sales or full requirements contracts that will be using equity ratio under the PCA (Power Coordination Agreement)
PEQT	Financial cash flow hedge book that supports activity related to NEQT book. This MTM book will also use the Equity ratio for settlements
PHHS	Non-Direct Generation Hedge Optimization of Combined Sales
PHRD	Non-Direct Optimization Trading of PJM/MISO Hourly Power Transactions including Futures - MTM
PHRT	Non-Direct Optimization Trading of PJM/MISO/TVA
Physical	Activity that physically settles with counterparty
PICT	MTM book for PCA East Term spec trades
PMCB	MTM Book for PCA East Short Term seasonal directional and time spread spec trades
PSHD	Non-hourly physically tagged block imports/exports, bilaterally scheduled block power
Trading	Activity that financially settles with counterparty

<u>Account</u>	<u>Account Description</u>	<u>Description of Charges</u>
4470006	Sales for Resale - Bookout Sales	This account shall include the net billing for electricity supplied for sales for resale for non-associated companies - bookouts
4470010	Sales for Resale - Bookout Purch	This account shall include revenues for sales for resale - bookout purchases.
4470081	Financial Spark Gas - Realized	This account shall include the net billings of settled spark gas financial transactions
4470082	Financial Electric Realized	This account shall include settled financial electric optimization transactions (Swaps and Futures) entered into on or after 10-01-03
4470089	PJM Energy Sales Margin	To record ECR's (East Cost Reconstruction Process) derived margin with PJM for spot energy sales to PJM.
4470098	PJM Oper.Reserve Rev-OSS	To record operating reserve charges with PJM allocated to off-system sales (OSS).
4470099	Capacity Cr. Net Sales	To record capacity credit revenue with PJM and other third parties.
4470100	PJM FTR Revenue-OSS	To record FTR revenue with PJM allocated to off-system sales (OSS).
4470103	PJM Energy Sales Cost	To record ECR's derived cost of sales revenue with PJM for spot energy sales to PJM.
4470107	PJM NITS Purch-NonAff.	To record network integration transm. service expense with PJM.
4470110	PJM TO Admin. Exp.-NonAff.	To record transmission owner scheduling, system control, & dispatch service expense with PJM.
4470112	Non-Trading Bookout Sales-OSS	To record revenues from non-trading off-system sales (OSS) - Bookouts
4470115	PJM Meter Corrections-OSS	To record net PJM meter corrections allocated to off-system sales (OSS)
4470126	PJM Incremental Imp Cong-OSS	To record incremental PJM implicit congestion not in ECR for off-system sales
4470127	Sales for Res-Affil Pool Cap.	Record Sales for Resale activity for Affiliated Pool Capacity.
4470131	Non-Trading Bookout Purch-OSS	To record purchased power for non-trading off-system sales (OSS) - Bookouts.

<u>Account</u>	<u>Account Description</u>	<u>Description of Charges</u>
4470143	Financial Hedge Realized	This account shall include settled financial power transactions (Swaps and Futures) applicable to hedge activity
4470151	Trading Auction Sales Affil	Sales activity to serve an auction managed by another AEP affiliate
4470175	OSS Sharing Reclass - Retail	To record and reflect the estimated amount of OSS margin shared with retail ratepayers.
4470176	OSS Sharing Reclass-Reduction	This account will record and reflect the estimated amount of OSS margin shared with retail ratepayers. The amount recorded in the account will be equal to and offsetting of the amount recorded in OSS Sharing Reclass - Retail
4470206	PJM Trans loss credits-OSS	To record transmission loss credits w/PJM allocated off-system sales
4470209	PJM transm loss charges-OSS	To record transmission loss charges w/PJM allocated to Off-System Sales (OSS)
4470214	PJM 30m Suppl Reserve CR OSS	To record 30 minute supplemental reserve market credit for OSS (off system sales) where net service is revenue. The 30 minute supplemental reserve market is a market based service that applies to resources that can provide reserve capability that can be converted into energy w/in 30 minutes of request OSS would receive any net credits.
4470215	PJM 30m Suppl Reserve CH OSS	To record 30 minute supplemental reserve market charges for OSS (off system sales) where net service is revenue. The 30 minute supplemental reserve market is a market based service that applies to resources that can provide reserve capability that can be converted into energy w/in 30 minutes of request OSS would receive any net credits
4470220	PJM Regulation - OSS	This account is used to record the net credit when PJM Regulation Credits exceed PJM Regulation Charges.
4470221	PJM Spinning Reserve - OSS	This account is used to record the net credit when PJM Spinning Reserve Credits exceed PJM Spinning Reserve Charges.

<u>Account</u>	<u>Account Description</u>	<u>Description of Charges</u>
4470222	PJM Reactive - OSS	This account is used to record the net credit when PJM Reactive Credits exceed PJM Reactive Charges
5550039	PJM Inadvertent Mtr Res-OSS	To record PJM inadvertent energy expense allocated to off-system sales-OSS
5550099	PJM Purchases-non-ECR-Auction	To record PJM purchases (non-ECR) used to serve auction loads that were previously recorded as physical in 5550035
5570007	Other Pwr Exp - Wholesale RECs	To record expenses related to requirements of wholesale marketing relationships. Includes purchase costs associated with renewable energy credits (RECs), as well as related administrative fees and alternative compliance payments.
5614000	PJM Admin-SSC&DS-OSS	PJM administrative service fees for scheduling, system control and dispatching services allocated to off-system sales.
5614008	PJM Admin Defaults OSS	To record costs in PJM when a market participant defaults on its payment obligations with PJM. These charges are socialized across all participants in PJM. This administrative fee relates to the OSS (Off System Sales).
5618000	PJM Admin-RP&SDS-OSS	PJM administrative service fees for reliability planning and standards development services allocated to off-system sales. This account shall include the costs billed to the transmission owner, load serving entity, or generator for system planning of the interconnected bulk electric transmission system
5757000	PJM Admin-MAM&SC- OSS	PJM administrative service fees for market administration, monitoring and compliance services allocated to off-system sales. This account shall include the costs billed to the transmission owner, load serving entity or generator for market administration, monitoring and compliance services.

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DATA REQUEST

Kpsc 2_3 Refer to Kentucky Power's response to Staff's First Request, Item 15, and 807 KAR 5:056, Section 1(4). Explain how Kentucky Power defines planned maintenance and forced outages, and explain how those definitions are applied.

RESPONSE

Kentucky Power Company uses NERC definitions for planned maintenance and forced outages. The application is inherent in the definitions.

Those definitions are as follows:

PO Planned Outage

An outage that is scheduled well in advance and is of a predetermined duration, can last for several weeks, and occurs only once or twice a year.

MO Maintenance Outage

An outage that can be deferred beyond the end of the next weekend (defined as Sunday at 2400 hours or as Sunday turns into Monday), but requires that the unit be removed from service, another outage state, or Reserve Shutdown state before the next Planned Outage (PO).

U1 Unplanned (Forced) Outage — Immediate

This is an outage that requires immediate removal of a unit from service, another outage state, or a reserve shutdown state.

U2 Unplanned (Forced) Outage — Delayed

This is an outage that does not require immediate removal of a unit from the in-service state, instead requiring removal within six hours.

U3 Unplanned (Forced) Outage — Postponed

This is an outage that can be postponed beyond six hours but requires that a unit be removed from the in-service state before the end of the next weekend (Sunday at 2400 or before Sunday turns into Monday).

Witness: Douglas J. Rosenberger

Witness: David L. Mell

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DATA REQUEST

KPSC 2_4 Refer to Kentucky Power's response to Staff's First Request, Item 15, attachment 1 of 2. Describe in detail the forced outage on August 4, 2019, with the description of "Transmission outage 138 kv disconnect" and what it entails.

RESPONSE

Big Sandy U1 was forced from service on August 4, 2019, at 12:25 pm, due to a fault on the main generator outgoing feed located in the 138kV Transmission yard ("138 kV yard").

Big Sandy U1 is tied to the 138kV yard via a manual disconnect switch ("switch"). Big Sandy has operational responsibility for the switch. AEP Transmission has operational responsibility for the connection between the switch and the 138kV yard, which failed due to a loose cable. AEP Transmission replaced the faulty cable and restored the connection to the Big Sandy switch, making Big Sandy U1 available for service on 8/6/19 at 4:33 AM.

Witness: Douglas J. Rosenberger

Witness: David L. Mell

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DATA REQUEST

- KPSC 2_5** Refer to Kentucky Power's response to Staff's First Request, Item 15, attachment 1 of 2. Regarding the maintenance outage to forced outage beginning on June 30, 2019.
- a. Provide the PJM market rules that dictates the unit to go forced outage after the period for maintenance outage was exceeded.
 - b. Describe how long Kentucky Power planned for the maintenance outage to take.
 - c. Explain whether Kentucky Power knew beforehand that the outage would exceed the PJM market rules period for maintenance outage. If not, explain what caused the outage to exceed the expected time.

RESPONSE

a. PJM market rules can be found at: <https://pjm.com/~media/etools/edart/edart-user-guide.ashx>. The Maintenance Outage rules begin on page 31 of the linked document and provide that if a maintenance outage is extended beyond 9 days in PJM Peak Period Maintenance (PPM) season, then it becomes an unplanned/forced outage.

b. The Company scheduled the maintenance outage to address a number of operational issues, including two critical issues: 1) a leak in the underground river water makeup (RWMU) line and 2) a loss of pressure in the backup electrohydraulic (EHC) fluid system. The source of the leak in the RWMU line and the cause of the backup EHC pressure loss were both unknown. Until the unit was taken out of service to allow troubleshooting, the exact length of time to repair the RWMU line and restore the backup EHC system was uncertain. Based on past experience and engineering judgement, the Company scheduled an outage for 9 days, the maximum time allowed during the PPM season.

c. As described in the Company's response to subpart b above, the causes of the RWMU line leak and the loss of the backup EHC fluid system pressure were unknown at the time the Company began maintenance. The Company expected, based on engineering judgment and the information available to it at the time, that a 9 day maintenance outage should be sufficient to complete necessary repairs.

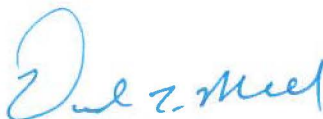
The troubleshooting and repair of the backup EHC fluid system was critical path for the outage. As a result of the length of time required to complete that repair, the outage ultimately exceeded PJM's PPM maximum allowed maintenance outage duration by approximately three hours.

Witness: Douglas J. Rosenberger

Witness: David L. Mell

VERIFICATION

The undersigned, David L. Mell, being duly sworn, deposes and says he is Energy Production Superintendent – Big Sandy for Kentucky Power Company, 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.



David L. Mell

Commonwealth of Kentucky)
)
County of Boyd)

Case No. 2020-00004

Subscribed and sworn before me, a Notary Public, by David L. Mell this 16th day of April, 2020.



Notary Public

My Commission Expires 03-21-2021





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E-Signature Summary

E-Signature 1: Douglas John Rosenberger (DJR)

April 16, 2020 13:26:07 -5:00 [0E01E016679F] [10.0.0.5]
 djrosenberger@aep.com (Principal) (ID Verified)

E-Signature Notary: Dean M. Hindenlang (DMH)

April 16, 2020 13:26:07 -5:00 [C049A9909DC8] [10.0.0.5]
 dhindenlang@mac.com
 I, Dean M. Hindenlang, did witness the participants named above electronically sign this document.



VERIFICATION

The undersigned, Douglas J. Rosenberger, being duly sworn, deposes and says he is the Plant Manager – Mitchell for Kentucky Power Company, 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.

Douglas John Rosenberger

Signed on 2020/04/16 13:26:07 -5:00

Douglas J. Rosenberger

State of West Virginia)


County of Marshall)

Case No. 2020-00004

16th

Subscribed and sworn before me, a Notary Public, by Douglas J. Rosenberger this _____ day of April, 2020.

Notary Public


Signed on 2020/04/16 13:26:07 -5:00

December 19, 2022

My Commission Expires _____



99D26D4A-4634-490A-9698-75E72BB0D93E --- 2020/04/16 12:33:13 -5:00 --- Remote Notary



OHIO NOTARY ACKNOWLEDGEMENT (INDIVIDUAL)

State of Ohio }

County of Franklin }

The foregoing instrument was acknowledged before me this 04/16/2020 [Date] by
_____ [Name of Person Acknowledged].

DOUGLAS J. ROSENBERGER

(Seal)



Signed on 2020/04/16 13:26:07 -5:00

Signature of person taking acknowledgment

Dean M. Hindenlang

Printed name of person taking acknowledgement

Notary Public

Title or rank

2017-RE-6868
22

Serial number, if any

