

Kentucky Power Company
KPSC Case No. 2020-00133
Commission Staff's 1st Set of Data Requests
Dated April 29, 2020

DATA REQUEST

KPSC 1_1 Prepare a summary schedule showing the calculation of E(m) and the surcharge factor for the expense months covered by the billing period under review. Use ES Form 1.00 as a model for this summary. Include the two expense months subsequent to the billing period 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 two-year review. Include all supporting calculations and documentation for any such additional over- or under-recovery. 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 in the environmental costs for the review period in this proceeding.

Witness: Lerah M. Scott

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KPSC 1_2 The net gain or loss from sulfur dioxide and nitrogen oxide emission allowance sales is reported on ES Form 3.00, Calculation of Current Period Revenue Requirement, Third Component. For the last six expense months of 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 the source of the gain or loss.

RESPONSE

Please refer to KPCO_R_KPSC_1_2_Attachment1 for the requested information.

Witness: Lerah M. Scott

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KPSC 1_3 In Case No. 1996-00489, the Commission ordered that Kentucky Power's rate of return on common equity for environmental surcharge would be reviewed for reasonableness during the two-year review case. Currently, the rate of return on common equity is 10.25 percent approved in Case No. 2017-00179. State whether Kentucky Power believes that the 10.25 percent rate of return on common equity for the environmental surcharge is reasonable. Explain the response and include any analyses or evaluations supporting its conclusions. If not, provide the rate of return on common equity that Kentucky Power proposes for its environmental surcharge. Provide a detailed analysis and testimony supporting Kentucky Power's position.

RESPONSE

The current 9.70 percent return on equity approved by the Commission in Case No. 2017-00179 for non-Rockport environmental projects until base rates are next adjusted is reasonable.

Witness: Lerah M. Scott

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KPSC 1_4 KRS 278.183(3) provides that, during the two-year review, the Commission shall, to the extent appropriate, incorporate surcharge amounts found just and reasonable into the existing base rates of the utility. State whether Kentucky Power believes any additional surcharge amounts need to be incorporated into its base rates in conjunction with this two-year review. If so, provide the additional surcharge amount that Kentucky Power believes should be incorporated into its existing base rates. Explain how the surcharge amount should be incorporated into the base rates. Include all supporting calculations, workpapers, and assumptions as well as any analysis that Kentucky Power believes support its position.

RESPONSE

The Company is not proposing to incorporate any additional surcharge amounts into its base rates in conjunction with this two-year review.

Witness: Lerah M. Scott

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KPSC 1_5 Refer to ES Form 3.13, Mitchell Environmental Costs for the expense months November 2018 through April 2019. 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 18 Monthly Disposal (5010000)
- b. Line 20 Monthly Urea Expense (5020002)
- c. Line 21 Monthly Trona Expense (5020003)
- d. Line 22 Monthly Lime Stone Expense (5020004)
- e. Line 23 Monthly Polymer Expense (5020005)
- f. Line 24 Monthly Lime Hydrate Expense (5020007)
- g. Line 25 Monthly WV Air Emission Fee
- h. Line 31 Monthly FGD Maintenance Expense
- i. Line 32 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 Mitchell Unit 2 in November-December 2018, Mitchell Unit 2 in February 2019, Mitchell Unit 1 in March-Apr 2019, and Mitchell Unit 2 in April 2019, 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 greater than ten percent reflect the monthly variations in the deliveries of those three consumables to the plant.

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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 were no variations in monthly amounts from November 2018 to April 2019.

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.

More specifically, maintenance events during the review period that led to inter-monthly variability greater than ten percent included:

Expense Month	FGD Maintenance Activity	Amount (approx.)
November 2018	Unit 2 ID Fan	\$105,783
December 2018	Vacuum Pump Filter	\$71,137
January 2019	Gypsum Conveyor	\$25,372
February 2019	Vacuum Pump Filter	\$27,037
March 2019	Vacuum Pump Filter	\$49,717
April 2019	Unit 1 ID Fan	\$17,060

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:

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Expense Month	Non-FGD Maintenance Activity	Amount (approx.)
November 2018	Unit 1 Precipitator	\$30,548
December 2018	Unit 1 Precipitator	\$28,857
January 2019	CEMS Monitoring	\$18,974
January 2019	Unit 1 Precipitator	\$15,177
February 2019	Unit 1/2 Precipitators	\$50,857
March 2019	Unit 1 Precipitator	\$442,288
April 2019	Unit 1 Precipitator	\$584,012

Witness: Lerah M. Scott

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DATA REQUEST

- KPSC 1_6** 6. Refer to ES Form 3.20, Rockport Environmental Costs for the expense months November 2018 through April 2019. 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 13 Monthly Brominated Sodium Bicarbonate (5020028)
 - b. Line 14 Monthly Brominated Activated Carbon (5020008)
 - c. Line 16 Monthly IN Air Emission Fee
 - d. Line 19 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 November, December, and March. The months of the review period with the highest generation, and likewise the highest consumable expense, were January and April. Consumable variations 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.

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More specifically, maintenance events during the review period that led to inter-monthly variability greater than ten percent included:

Expense Month	Maintenance Activity	Amount (approx.)
November	Precipitator Repair & Maintenance	\$512,000
December	Precipitator Repair & Maintenance	\$207,000

Witness: Lerah M. Scott

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KPSC 1_7 Reference ES Form 3.11 for the months in this review period.

- a. For each month in the two-year review period, provide the calculation that supports the total cost of allowances consumed that is then carried to ES Form 3.10 for the May 2017 through July 2017 expense months, and ES Form 3.13 for the August 2017 through April 2019 expense months.
- b. Provide an explanation and the reasons for any fluctuations in the monthly average cost of allowances determined in 10.a.

RESPONSE

a & b. Please refer to KPCO_R_KPSC_1_7_Attachment1 for the requested information as it pertains to information carried to ES Form 3.13.

Witness: Lerah M. Scott

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DATA REQUEST

KPSC 1_8 Provide the actual average residential customer's monthly usage as of April 2019. 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 supporting calculations in Excel 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 April 30, 2019 was 1283 kWh.

The Company is not proposing any adjustments to the environmental costs for the review period in this proceeding.

Witness: Lerah M. Scott

VERIFICATION

The undersigned, Lerah M. Scott, being duly sworn, deposes and says she is Regulatory Consultant for Kentucky Power, that she 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 her information, knowledge, and belief.

Lerah M. Scott
Lerah M. Scott

Commonwealth of Kentucky)
)
County of Boyd)

Case No. 2020-00133

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Lerah M. Scott this 29 day of May, 2020.

Trisha Nance
Notary Public

My Commission Expires 9-26-2023

