

Kentucky Power Company
KPSC Case No. 2020-00174
SWVA Second Set of Data Requests
Dated September 16, 2020

DATA REQUEST

SWVA_2_01 Why does the Company propose a larger percentage rate increase for the IGS transmission subclass compared to the IGS class as a whole? Explain in detail and provide all relevant documents.

RESPONSE

The Company proposed a 7.6% total net increase to the IGS class as a whole. Customers and voltage levels within the class may experience different levels of increase based upon their load characteristics. The IGS transmission voltage level on average will see a higher than class average increase because its load factor is lower than the IGS class average. The IGS tariff rate design includes a full cost demand charge and, as such, lower load factors will experience an increase that is higher than the class average.

Witness: Alex E. Vaughan

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SWVA_2_02 Please reference the Company's response to SWVA-1-11, wherein the Company states, "CS-IRP is a capacity resource, proposed Tariff DRS is a load reducer. The two different products have different values and different participation requirements such as the 60 annual hours of interruption under proposed Tariff DRS." Please answer the following questions in detail and provide all relevant documents:

- a. What does the Company mean by "CS-IRP is a capacity resource, proposed Tariff DRS is a load reducer." Explain the (i) meaning, and (ii) significance of this distinction.
- b. Explain the rationale for crediting interruptions under CS-IRP less (i.e., a lower rate) than credited under Rider DRS.
- c. Why is Rider DRS credited (paid) a higher rate for interruptions than CS-IRP is paid?
- d. What is (are) the essential difference(s) between CS-IRP and Rider DRS that justifies paying/crediting interruptions under Rider DRS at a higher rate/amount than CS-IRP?

RESPONSE

- a. CS IRP participants are required to be a PJM capacity resource. Proposed tariff DRS customers will not be PJM capacity resources, rather they will reduce the Company's PJM capacity load obligation by peak shaving.
- b. Please refer to the Company's response to SWVA 1-11.
- c. Please refer to the Company's response to SWVA 1-11.
- d. Please refer to the Company's response to SWVA 1-11. See also the Company's response to subpart a.

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SWVA_2_03 Why would a customer select CS-IRP over Rider DRS? Explain in detail and provide all relevant documents.

RESPONSE

The two different tariff offerings are different constructs with different compensation mechanisms and different commitments. The Company cannot speculate why a customer may or may not chose one optional tariff offering over the other.

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SWVA_2_04 Why would a customer select Rider DRS over CS-IRP? Explain in detail and provide all relevant documents.

RESPONSE

Please refer to the Company's response to SWVA 2-3.

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DATA REQUEST

SWVA_2_05 Are certain (i) classes/categories of customer, and/or (ii) load profiles more likely to prefer CS-IRP over Rider DRS? Explain in detail and provide all relevant documents.

RESPONSE

Both optional interruptible tariffs are only available to certain customers capable of interrupting at least 500 kW of load and must meet other availability of service requirements in the respective tariffs. The Company cannot speculate why a customer might choose one tariff over the other.

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DATA REQUEST

SWVA_2_06 Are certain (i) classes/categories of customer, and/or (ii) load profiles more likely to prefer Rider DRS over CS-IRP? Explain in detail and provide all relevant documents.

RESPONSE

Please refer to the Company's response to SWVA 2-5.

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DATA REQUEST

- SWVA_2_07** As the Company is likely aware, PJM's 2022/2023 base residual auction ("BRA") has been delayed while PJM's compliance filing regarding its minimum offer price rule ("MOPR") is pending at FERC. Please explain (a) how the Company expects the MOPR to impact prices in the BRA and/or Capacity Performance prices; and
- (b) whether the Company expects to modify (i) the CS-IRP, and/or (ii) DRS credit/discount accordingly. Explain in detail and provide all relevant documents.

RESPONSE

- a. The Company cannot speculate on how the pending FERC cases will affect the 22/23 PJM BRA when it eventually occurs.
- b. The Company will not be proposing any changes to CS IRP or DRS compensation in this proceeding based upon the pending FERC cases related to PJM's BRA.

Witness: Alex E. Vaughan



KY Discovery Verification - Vaughan.docx

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E-Signature Summary

E-Signature 1: Alex E Vaughan (AEV)

September 24, 2020 12:06:53 -8:00 [695DBC43E413] [167.239.2.88]
aevaughan@aep.com (Principal) (Personally Known)

E-Signature Notary: Brenda Williamson (BW)

September 24, 2020 12:06:53 -8:00 [ABA201A38BF6] [167.239.2.87]
bgwilliamson@aep.com
I, Brenda Williamson, did witness the participants named above electronically sign this document.



VERIFICATION

The undersigned, Alex E. Vaughan, being duly sworn, deposes and says he is a Director-Regulatory Pricing & Renewables for American Electric Power Service Corporation that he has personal knowledge of the matters set forth in the forgoing responses and the information contained therein is true and correct to the best of his information, knowledge and belief after reasonable inquiry.

Alex E Vaughan
Signed on 2020/09/24 12:06:53 -8:00
Alex E. Vaughan

STATE OF OHIO

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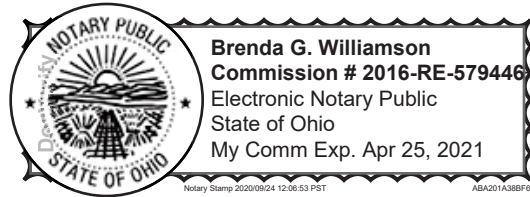
) Case No. 2020-00174

COUNTY OF FRANKLIN

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Subscribed and sworn to before me, a Notary Public in and before said County and State, by
09/24/2020 _____, this ____ day of September, 2020.

Brenda Williamson
Signed on 2020/09/24 12:06:53 -8:00



818A33BD-1C6D-431A-BA9E-618C4BEFB95B --- 2020/09/24 10:59:49 -8:00 --- Remote Notary

