COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY POWER COMPANY FOR (1) A GENERAL ADJUSTMENT OF ITS RATES FOR ELECTRIC SERVICE; (2) APPROVAL OF TARIFFS AND RIDERS; (3) APPROVAL OF ACCOUNTING PRACTICES TO ESTABLISH REGULATORY ASSETS AND LIABILITIES; (4) APPROVAL OF A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY; AND (5) ALL OTHER REQUIRED APPROVALS AND RELIEF	)	CASE NO. 2020-00174

RESPONSES TO SECOND REQUEST FOR INFORMATION TO THE ATTORNEY GENERAL OF THE COMMONWEALTH OF KENTUCKY, BY AND THROUGH HIS OFFICE OF RATE INTERVENTION, AND KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. FROM PSC STAFF

The Office of the Attorney General, Office of Rate Intervention and Kentucky Industrial Utility Customers provide the following responses to the Second Data Request filed by PSC Staff.

SPACE INTENTIONALLY LEFT BLANK

DANIEL J. CAMERON
ATTORNEY GENERAL

J. MICHAEL WEST
LAWRENCE W. COOK
JOHN G. HORNE II
ASSISTANT ATTORNEYS GENERAL
700 CAPITAL AVE, SUITE 20
FRANKFORT, KY40601-8204
PHONE: (502) 696-5433
FAX: (502) 573-1005
Michael.West@ky.gov
Larry.Cook@ky.gov
John.Horne@ky.gov

/s/ Michael L. Kurtz
Michael L. Kurtz, Esq.
Kurt J. Boehm, Esq.
Jody Kyler Cohn, Esq.
BOEHM, KURTZ & LOWRY
36 East Seventh Street, Suite 1510
Cincinnati, Ohio 45202
Ph: 513.421.2255 fax: 513.421.2764
mkurtz@bkllawfirm.com
kboehm@BKLlawfirm.com
jkylercohn@BKLlawfirm.com

NOTICE AND CERTIFICATION FOR FILING

Undersigned counsel provides notice that the electronic version of the paper has been submitted to the Commission by uploading it using the Commission's E-Filing System on this 18th day of February, 2021, and further certifies that the electronic version of the paper is a true and accurate copy of each paper filed in paper medium. Pursuant to the Commission's March 16, 2020, and March 24, 2020, Orders in Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus Covid-19*, the paper, in paper medium, will be filed at the Commission's offices within 30 days of the lifting of the state of emergency. It has further been transmitted to the parties below.

Mark R. Overstreet
Katie M. Glass
moverstreet@stites.com
kglass@stites.com

Don Parker
Carrie Grundmann
Barry Naum
dparker@spilmanlaw.com
cgrundmann@spilmanlaw.com
bnaum@spilmanlaw.com

Randal A. Strobo
Clay A. Barkley
David E. Spenard
rstrobo@strobobarkley.com
cbarkley@strobobarkley.com
dspenard@strobobarkley.com

Tom Fitzgerald
fitzKRC@aol.com

Christen M. Blend
Hector Garcia-Santana
Tanner Wolfram
cmblend@aep.com
hgarcia1@aep.com
tswolfram@aep.com

Joe Childers
joe@jchilderslaw.com

Michael A. Frye
maf@jenkinsfenstermaker.com

Matthew Miller
matthew.miller@sierraclub.org

1. Refer to the Direct Testimony of Stephen J. Baron, page 24 lines 6-12.

a. Describe all analyses the Attorney General/KIUC conducted to determine that Kentucky Power's calculation is "reasonable" and that it provides solar customers a "fair compensation for their excess energy." Where applicable, provide your response in Excel spreadsheet format with formulas intact and unprotected, and all rows and columns fully accessible.

b. Name and describe the other "more detailed and comprehensive methodologies [that could be] used to develop an excess energy avoided cost rate." Provide a citation for each jurisdiction that employs said methodologies.

Response:

a. Mr. Baron's review of the Company's avoided cost calculations that it used to develop its proposed excess energy payment rate was based on a review of the Company's excel spreadsheets and exhibits. As discussed in Mr. Baron's testimony, a fair compensation for excess energy should be based on the value of such excess energy to the Kentucky Power Company system. Setting the excess energy compensation rate at avoided cost provides a reasonable measure of the value of the excess energy to the system.

b. There are numerous methodologies that can be used to develop the avoided cost to the system associated with excess rooftop solar energy. The primary methodology that Mr. Baron was referring to in his testimony is based on the use of a production cost model to measure the avoided cost of typical rooftop solar generation, less the typical customer usage that would be served by such generation. The "net" of these two load shapes, by hour, would be the net excess generation that is exported to the grid. Through the use of a production cost model, the estimated avoided cost associated with typical exported energy can be calculated by comparing the total system production cost with and without the exported energy. The dollar amount of the avoided cost divided by the MWh of exported energy provides a measure of the value of exported energy per MWh.

To the extent that a capacity avoided cost is also justified, this value can be determined by applying an effective load carrying capability ("ELCC") percentage (a measure of solar capacity value) to the nameplate rating of the solar generator, times a measure of avoided capacity cost (for example, the levelized cost of a combustion turbine). This avoided cost must then be adjusted to reflect the fact that only a portion of the solar generation is actually

exported to the grid (the other portion is used to offset the customer's own usage).

These methodologies were discussed in testimony in a recent Rocky Mountain Power Company proceeding in Utah (Docket No. 17-35-061).