

Kentucky Power Company
KPSC Case No. 2020-00174
KYSEIA Third Set of Data Requests
Dated February 12, 2021

DATA REQUEST

- 3-1** How has Kentucky Power Company communicated its decision to implement Tariff NMS II to its customers, including prospective net metering customers? Provide a copy of each written communication including but not limited to press releases, advertisements, bill inserts, and notices placed on the Company's website.

RESPONSE

The Company's response will be provided in accordance with the extension granted by the Commission's Order dated February 18, 2021.

Witness: Brian K. West

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- 3-2 Were any applications to Kentucky Power Company for net metering service pending when Kentucky Power Company placed its Tariff NMS II into effect as of January 14, 2021? If yes, state, by rate class, the number of applications then pending and the associated capacity additions for the net metering applications pending on January 14, 2021.

RESPONSE

Yes. Please refer to KPCO_R_KYSEIA_3_2_Attachment1 for the requested information. All capacity listed is in kW-AC.

Witness: Alex E. Vaughan

Pending DER Installations received prior to 01/14/2021

	TOTAL	Capacity	Approved	Approved	Submitted	Submitted
Residential	15	220.68	10	133.78	5	86.9
Commercial/PA	5	124.7	3	44.72	2	79.98

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- 3-3 Since January 14, 2021, have any application to Kentucky Power Company for net metering service been submitted? If yes, state, by rate class, the number of applications submitted and the associated capacity additions for the applications. This is a continuing request; please update the request through the end of the briefing period for the additional proceedings.

RESPONSE

Yes. Please refer to KPCO_R_KYSEIA_3_3_Attachment1 for the requested information. All capacity values are given in kW-AC.

Witness: Alex E. Vaughan

DER Interconnection Applications received since to 01/14/2021

	TOTAL	Capacity	Approved	Approved	Submitted	Submitted
Residential	11	150.28	8	96.84	3	53.44
Commercial/PA	0	0.00	0	0.00	0	0.00

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- 3-4 Has the Company created any forecasts, projections, or analysis regarding the number of customers and/or the amount of capacity it anticipates will take service under Tariff NMS II in current and future years? If so, please provide copies of all such analysis, including all supporting workpapers and Excel spreadsheets in executable format with all formulas and file linkages intact.

RESPONSE

No. The Company has no such forecast beyond the level of assumed distributed generation in the Company's last IRP filing in Case No. 2019-00443, Section 4.4.3.4.

Witness: Alex E. Vaughan

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- 3-5 Please provide the customer charge annual billing units and the adopted customer charges for each for each residential rate schedule (RS, RS-D, RS-TOD, and RSTOD2). Your response should provide information sufficient to allow a calculation of total annual revenue associated with adopted customer charges for the residential class as a whole.

RESPONSE

Please refer to Section II, Exhibit J of the Company's filing, specifically the RS, RS LMTOD, and RS TOD tabs in the "Adjusted Units" columns, for the requested information.

Witness: Alex E. Vaughan

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- 3-6** Please refer to Exhibit AEV_R_7, in the tab labeled PK WP, and explain why the dates and times used to define a solar contribution to monthly coincident peaks are different from each other for Distribution and Generation & Transmission.

RESPONSE

They are different because the cost causing peak hours are different for Distribution, Generation, and Transmission functions.

Witness: Alex E. Vaughan

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- 3-7 Please refer to the Application, the Direct Testimony of Jason M. Stegall, Exhibit JMS-1 at page 11 [PDF 176 of 333) in the section detailing the calculation of Calculation of Proposed Revenues. Please explain:
- a. Why the line detailing proposed revenues for BULKTRAN and SUBTRAN show a negative amount in the Total Retail column.
 - b. Why the line detailing proposed revenues for BULKTRAN and SUBTRAN show a negative amount in the RS column.
 - c. Why other columns for non-RS rate classes show positive amounts for BULKTRAN and SUBTRAN proposed revenues.

RESPONSE

- a-b. The negative values reflect that, even after the proposed increase in revenues for the Bulk Transmission and Subtransmission functions, the Company's retail jurisdiction and its Residential customer class will still not earn enough revenues to cover the cost to provide Bulk Transmission and Subtransmission service. This largely results from the current Firm Sales revenues for both the Total Retail jurisdiction and the Residential customer class being negative for those functions to the extent that the proposed increase is not enough to make them positive.
- c. For the remaining customer classes, the proposed increase allocated to the Transmission and Subtransmission functions exceeds any current negative Firm Sales revenues allocated to those functions and, therefore, results in the positive amounts identified in the Proposed Revenues identified in Part C of this question.

Witness: Jason M. Stegall

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- 3-8** Please refer to Kentucky Power Company Rebuttal Exhibit AEV_R_7 [PDF 270 of 273] and Kentucky Power Company response to KYSEIA 1-3, KPCO_R_KYSEIA_1_3_Attachment1 showing Company Witness Vaughan's derivation of the costs avoided by Kentucky Power due to the installation of net metered solar generation.
- a. Please confirm that the analysis provided in Exhibit AEV_R_7 is confined to the Company's Class Cost of Service Study and does not incorporate effects of distributed generation in reducing the amounts of costs allocated to Kentucky Power on the basis of its Jurisdictional Cost of Service Study. If your response is anything other than an unqualified confirmation, please explain.
- b. Please confirm that KPCO_R_KYSEIA_1_3_Attachment1 shows that the installation of net metered solar installations produce a reduction in LSE OATT costs allocated to Kentucky Power.

RESPONSE

- a. The statement is incorrect. The analysis in AEV R7 is showing the high level class cost of service impacts from net metering on residential and commercial classes if net metering is extrapolated across the entire class. The revenue requirements for each class and jurisdictional cost of service study include all avoided costs from net metering customers does the jurisdictional cost of service study. These avoided costs have been documented (Exhibit AEV-3) and reflected in the proposed NMS II avoided cost rates.
- b. Confirmed. The peak reduction from solar net metering customers partially reduces the allocation of PJM LSE OATT charges to the Company. That reduction is included in the proposed NMS II avoided cost rates.

Witness: Alex E. Vaughan

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DATA REQUEST

3-9 Please refer to the Rebuttal Testimony of Alex E. Vaughan (“Vaughan Rebuttal”) at pages 36-37 [PDF 248, 249 of 273] discussing his analysis of how the installation of customer-sited solar affects class cost of service. At page 37 lines 3 -7 Witness Vaughan states “Even given the unreasonable assumption that the shifted costs simply disappear for a class, the net increase in rates that would result shows that the reduction in billing units is greater than the inter-class cost shift, resulting in higher rates for all customers within that class.”

Notwithstanding Mr. Vaughan’s apparent objection to the conceptual framework for such an analysis (i.e., the “unreasonable assumption”), does Mr. Vaughan agree that if the results of the analysis shown on page 36 of Vaughan Rebuttal showed a decrease in the NMS Class Avg Realization Rate \$/kWh, this decrease would translate to lower rates for customers within that class. For the purpose of clarity, this request is not asking whether Mr. Vaughan agrees with the analytical framework; rather, it is asking how Mr. Vaughn would interpret the results of the analysis if those results were different.

RESPONSE

Without foregoing the caveats of the analysis on pages R35-R37 of Company Witness Vaughan's rebuttal testimony, had the net metering realizations been lower than the initial total class realizations then yes it would indicate that the hypothetical net metering class should have lower rates.

Another measure used to illustrate the appropriate level of rates for a class of customers is class rate of return.

Witness: Alex E. Vaughan

VERIFICATION

The undersigned, Brian K. West, being duly sworn, deposes and says he is Vice President, Regulatory & Finance for Kentucky Power Company 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.



Brian K. West

State of Indiana)
) ss Case No. 2020-00174
County of Allen)

Subscribed and sworn to before me, a Notary Public, in and for said County and State, Brian K. West this 17th day of February, 2021.

Regiana M.
Sistevaris



Digitally signed by Regiana M.
Sistevaris
Date: 2021.02.17 13:03:35 -05'00'

Regiana M. Sistevaris, Notary Public

My Commission Expires: January 7, 2023



Vaughan DR.docx

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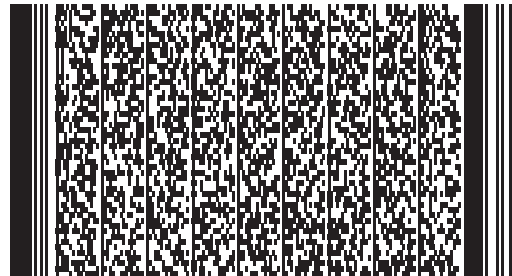
E-Signature Summary

E-Signature 1: Alex E. Vaughan (AEV)

February 22, 2021 04:37:32 -8:00 [14B654CFA87C] [167.239.221.83]
aevaughan@aep.com (Principal) (Personally Known)

E-Signature Notary: S. Smithhisler (SRS)

February 22, 2021 04:37:32 -8:00 [75423C57DACE] [167.239.221.83]
srsmithhisler@aep.com
I, S. Smithhisler, 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 2021/02/22 04:37:32 -8:00

Alex E. Vaughan

STATE OF OHIO

)

) Case No. 2020-00174

COUNTY OF FRANKLIN

)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Alex E. Vaughan this 22nd day of February 2021.

S. Smithisler
Signed on 2021/02/22 05:37:32 -8:00

Notary Public



Notary ID Number: 2019-RE-775042

My Commission Expires: April 29, 2024

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E-Signature Summary

E-Signature 1: Jason M. Stegall (JMS)

February 19, 2021 07:35:06 -8:00 [71EF43977FEF] [167.239.221.83]
jmstegall@aep.com (Principal) (Personally Known)

E-Signature Notary: S. Smithhisler (SRS)

February 19, 2021 07:35:06 -8:00 [4488D0F39526] [167.239.221.83]
srsmithhisler@aep.com
I, S. Smithhisler, did witness the participants named above electronically sign this document.



VERIFICATION

The undersigned, Jason M. Stegall, being duly sworn, deposes and says he is a Manager-Regulatory Pricing & Analysis 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.


Signed on 2021/02/19 07:35:06 -8:00

Jason M. Stegall

STATE OF OHIO


)

) Case No. 2020-00174

COUNTY OF FRANKLIN

)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by
19th
Jason M. Stegall, this _____ day of February 2021.


Signed on 2021/02/19 07:35:06 -8:00

Notary Public



Notary ID Number: __2019-RE-775042__

My Commission Expires: __April 29, 2024__

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