

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)
POWER COMPANY FOR APPROVAL OF A)
CERTIFICATE OF PUBLIC CONVENIENCE AND)
NECESSITY FOR ENVIRONMENTAL PROJECT) Case No. 2021-00004
CONSTRUCTION AT THE MITCHELL)
GENERATING STATION, AN AMENDED)
ENVIRONMENTAL COMPLIANCE PLAN, AND)
REVISED ENVIRONMENTAL SURCHARGE TARIFF SHEETS)

**RESPONSES TO REQUESTS 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 KENTUCKY POWER COMPANY**

The Office of the Attorney General, Office of Rate Intervention and Kentucky Industrial Utility Customers provide the following responses to the Data Requests filed by Kentucky Power Company.

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Respectfully submitted,

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Certificate of Service and Filing

Pursuant to the Commission's Order dated March 17, 2020 in Case No. 2020-00085, and in accord with all other applicable law, Counsel certifies that, on June 8, 2021, an electronic copy of the forgoing was served by e-mail to the following. A physical copy of the filing will be submitted to the Commission once the State of Emergency has ceased.

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this 8th day of June, 2021.



Assistant Attorney General

**ELECTRONIC APPLICATION OF KENTUCKY POWER COMPANY FOR APPROVAL OF A
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR ENVIRONMENTAL
PROJECT CONSTRUCTION AT THE MITCHELL GENERATING STATION, AN AMENDED
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SURCHARGE TARIFF SHEETS**

1-1 Please provide all supporting documents and work papers in machine readable format, with cells unlocked and formulas intact, that were used in the preparation of testimony of Lane Kollen, including all charts and tables, and further including any supplemental testimony, filed by the Office of the Attorney General of the Commonwealth of Kentucky and Kentucky Industrial Utility Customers Inc.

Response:

Refer to attached Excel files. Mr. Kollen has not yet filed supplemental testimony.

Witness Sponsoring Response: Lane Kollen

**ELECTRONIC APPLICATION OF KENTUCKY POWER COMPANY FOR APPROVAL OF A
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1-2 Please refer to page 16 lines 2 through 5 of Mr. Kollen's May 12, 2021 testimony. Please provide all calculations, in machine readable format, with cells unlocked and formulas intact, relied on in connection with Mr. Kollen's testimony that "the savings in Case 1 (with carbon) are overstated by \$20 million on a nominal dollar basis and \$8 million on a present value basis compared to Case 2."

Response:

Refer to the Excel file titled "Solar Pricing Savings" provided in response to Q1.

Witness Sponsoring Response: Lane Kollen

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1-3 Please refer to Mr. Kollen's May 12, 2021 testimony at page 26. Please provide all facts supporting Mr. Kollen's choice, and the reasonableness, of "an estimated cost of 3%" on the "equivalent amount of securitization debt issued by a Special Purpose Entity ('SPE')."

Response:

The 3% was a proxy securitization interest rate based on a recent securitization financing reviewed by Mr. Kollen.

Witness Sponsoring Response: Lane Kollen

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1-4 Please refer to the statement appearing at page 21, lines 9-11 of Mr. Kollen's testimony: "The 0% assumption [for projects that go into service after 2024] was incorrect even under prior tax law." Please provide all evidence supporting the statement, including references to the applicable provisions of the United States Code.

Response:

Refer to Code Sec. 48(a)(6) and relevant IRS Notices addressing continuity and safe harbor provisions in effect prior to the changes enacted as a result of the Consolidated Appropriations Act, 2021, H.R. 133.

Witness Sponsoring Response: Lane Kollen

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- 1-5** Please refer to page 14, lines 17-18, and page 15, lines 1-6 of Mr. Kollen's testimony regarding the pricing for the Louisville Gas and Electric Company and Kentucky Utilities Company ("LG&E/KU") solar PPA ("LG&E/KU Solar PPA").
- a. Please provide a complete and unredacted copy of the LG&E/KU Solar PPA.
 - b. Please provide the following information regarding the LG&E/KU Solar PPA:
 - (i) the nominal capacity amount to be provided under the LG&E/KU Solar
 - (ii) the commercial operation date for the facilities providing the energy supplied by the LG&E/KU Solar PPA; and
 - (iii) the start and end date of the LG&E/KU Solar PPA. If the start or end date is not known please provide the term of the LG&E/KU Solar PPA in years.
 - c. Please state the total number of the individual PPA proposals received by LG&E/KU in response to any request for proposals ("RFP") issued by LG&E/KU that resulted in the LG&E/KU Solar PPA.
 - d. For each solar PPA response to the LG&E/KU RFP described in subpart (c) that did not result in the LG&E/KU Solar PPA please provide the following information:
 - (i) the levelized energy price (stated in \$/MWh) to be paid by LG&E/KU;
 - (ii) the nominal capacity amount to be provided under each proposed PPA in response to the RFP;
 - (iii) the commercial operation date for the facilities providing the energy supplied by each proposed PPA submitted in response to the LG&E/KU RFP described above; and
 - (iv) the beginning and end dates, or term in years if the beginning and end dates are not known, of each proposed PPA submitted in response to the LG&E/KU RFP described above.

Response:

Refer to the PPA contracts provided by KU and LG&E in Case Nos. 2020-00349 and 2020-00350 after the Commission determined they were not confidential. In addition, Mr. Kollen replicated excerpts of the KU and LG&E responses to discovery in those PPA contract cases in his Exhibit___(LK-13) in this case and provided additional references to record sources in footnote 18 in his Direct Testimony in this case.

Witness Sponsoring Response: Lane Kollen

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- 1-6** Please refer to page 14, lines 17-18, and page 15, lines 1-6 of Mr. Kollen's testimony regarding the three Big Rivers Electric Corporation ("Big Rivers") solar PPAs ("Big Rivers Solar PPAs").
- a. Please provide complete and unredacted copies of the three Big Rivers Solar PPAs referenced by Mr. Kollen in his testimony
 - b. For each of the three Big Rivers Solar PPAs please provide the following information:
 - (i) the nominal capacity amount to be provided under each of the three Big Rivers Solar PPAs;
 - (ii) the commercial operation date for the facilities providing the energy supplied by each of the three Big Rivers Solar PPAs.
 - c. Please state the number of the individual PPA proposals received by Big Rivers in response to the request for proposals ("RFP") described by Big Rivers in its application in Case No. 2020-00183. For each such PPA proposal received by Big Rivers in response to the RFP that did not result in the three Big Rivers Solar PPAs please provide the following information:
 - (i) the levelized energy price (stated in \$/MWh) to be paid by Big Rivers;
 - (ii) the nominal capacity amount to be provided under each proposed PPA in response to the Big Rivers RFP;
 - (iii) the commercial operation date for the facilities providing the energy supplied by each proposed PPA submitted in response to the Big Rivers RFP; and
 - (iv) the beginning and end dates, or term in years if the beginning and end dates are not known, of each proposed PPA submitted in response to the Big Rivers RFP.

Response:

Refer to the contracts and responses to discovery provided by BREC in Case No. 2020-00183 and the discovery replicated in part in Exhibit__(LK-12) attached to Mr. Kollen's Direct Testimony in this case for further references to the record source of the BREC PPAs cited by Mr. Kollen.

Witness Sponsoring Response: Lane Kollen

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- 1-7** Please refer to Mr. Kollen's testimony at page 19, lines 16 through 20 and page 20, lines 1 through 17.
- a. Please describe the federal tax treatment of the remaining tax basis in Mitchell at retirement, assuming the remaining unrecovered book value at the time (L e., stranded cost) is reclassified into a regulatory asset to be fully recovered in customer rates over some period of time.
 - b. Confirm that an abandonment loss would not occur for tax purposes if the situation described in subpart (a) above occurred, and the retirement date tax basis for the plant becomes the tax basis for the new regulatory asset?
 - c. If the response to subpart (b) is anything other than an unconditional confirmation please explain in detail the full basis for the response, including relevant citations to the United States Code, Revenue Rulings by the Internal Revenue Service, decisions of the United States Tax Court or other federal courts, other judicial precedent, and decisions of the Public Service Commission of Kentucky.

Response:

- a. Refer to page 19 line 16 through page 20 line 6 of Mr. Kollen's Direct Testimony.
- b. Denied. After the abandonment loss deduction, the tax basis for the regulatory asset is \$0. The tax basis is independent of the book basis, regardless of whether the net book value is recorded as a regulatory asset or recorded as a debit in the accumulated depreciation reserve. The ADIT on the regulatory asset or the debit in the accumulated depreciation reserve is equal to the remaining net book value less the tax basis of \$0 times the combined federal and state income tax rate.
- c. Refer to the response to part (b) of this question.

Witness Sponsoring Response: Lane Kollen