

Kentucky Power Company
KPSC Case No. 2021-00292
Commission Staff's Second Set of Data Requests
Dated December 7, 2021

DATA REQUEST

- 2-1** Refer to Kentucky Power's response to Commission Staff's First Request (Staff's First Request), Item 2, Attachment 1, Note 1 and 2.
- a. Define the term "non-ratable shipment."
 - b. For contracts where the seller has agreed to defer tons to a later period, explain the tons deferred for each contract and when Kentucky Power expects to take delivery over the remaining life of each contract.

RESPONSE

- a. A non ratable shipment or volume is a monthly volume that is not equal to the contractual volume divided by the applicable number of months. For example, if a contract calls for a volume of 120,000 tons over a 12-month term, a ratable amount would be 10,000 tons per month for each month of the 12-month term. A non-ratable shipment or volume by contrast would be a monthly volume other than the ratable 10,000 tons per month.

Contracts typically do not require monthly ratable volumes; the parties also can agree to other than monthly ratable volumes if the contract otherwise provides for shipments. The need for a coal plant to receive coal on a non-ratable basis is driven by factors such as planned and unplanned plant outages, the space available for coal storage at the plant, unloading equipment outages, and forecasted plant operations. Mine plans such as longwall moves, vacations and holidays, and river or rail issues can affect the monthly volume of a mine's coal shipments.

- b. The deferred amounts for Contract 03-00-18-004 (Contura Coal Sales); Contract 03-00-18-009 (Contura Coal Sales); and Contract 03-00-18-010 (Blackhawk Coal Sales) shipped and the contract volumes have been met. There were no deferrals under Contract 03-00-19-002 (Javelin Global Commodities) or 03-00-018-008 (Blackhawk Coal Sales).

Contract 07-77-05-900 (ACNR Coal Sales, Inc.) agreement allows for the deferral of tons into the next Contract Year. The deferred tons are to be the first delivered and are priced at the contract price for the Contract year in which they should have been delivered. For the Contract Year 2020, the parties agreed to roll 477,067 Tons to Contract Year 2021 at the 2020 Contract price.

Witness: Jeffrey C. Dial

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DATA REQUEST

- 2_2** Refer to Kentucky Power's response to Staff's First Request, Item 3 Attachment 1d. Explain how inventories are expected to be near target levels at the end of 2021. Include in the response what actions Kentucky Power is taking to reduce inventory levels to target levels.

RESPONSE

Higher consumption following the review period allowed Kentucky Power to consume additional inventory in 2021 and reach its inventory target level. No additional steps were required to reduce inventory to target levels.

Witness: Jeffrey C. Dial

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DATA REQUEST

- 2_3** Refer to Kentucky Power's response to Staff's First Request, Item 9. Explain whether and how Kentucky Power personnel conduct physical inspections of its supplier or transporter facilities to ensure both fuel quality and weight to ensure contract performance.

RESPONSE

Coal: American Electric Power Service Corporation ("AEPSC"), on behalf of Kentucky Power, utilizes its two Fuel Coordinators to regularly inspect mines, mine terminals, and transportation providers on behalf of Kentucky Power. Additionally, these representatives also attend scheduled scale and sampler tests. No issues have been discovered.

Natural Gas: AEPSC representatives, on behalf of Kentucky Power, attend scheduled meter tests to ensure that the transporter's measurement equipment is calibrated and functioning properly. There have been no measurement discrepancies discovered.

Witness: Clinton M. Stutler (Natural Gas)

Witness: Jeffrey C. Dial (Coal)

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DATA REQUEST

- 2_4** Refer to Kentucky Power's response to Staff's First Request, Item 13 Attachment 1.
- a. Explain the meaning of positive and negative amount in the KWH Metered column.
 - b. If not answered above, explain whether Kentucky Power actually generated the metered kWh sold or whether the energy was purchased and resold. If the case is the latter, show how the transaction is represented in the Attachment.

RESPONSE

- a. Purchases of power are entered as "positive" amounts in the KWH Metered column and the sales of power are entered as "negative" amounts in the KWH Metered column.
- b. Kentucky Power cannot determine whether any kWh sold was generated by Kentucky Power or was purchased and resold. Essentially, all kWh sold by Kentucky Power, whether generated or purchased and resold, is "withdrawn" from the same "pool." Kentucky Power cannot differentiate between energy generated by Kentucky Power or purchased and resold from that "pool." A good analogy would be to liken the system to a town's water needs being supplied by multiple water towers. When someone turns on the tap, you cannot tell which water tower served the obligation.

Witness: Scott E. Bishop

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DATA REQUEST

- 2_5** Refer to Kentucky Power's response to Staff's First Request, Item 15. For Mitchell 1 beginning on 2/27/2021–3/23/2021:
- a. Explain how a forced outage can be reclassified as a maintenance outage for the same issue.
 - b. Explain whether the outage changing from a sidewall tube leak to turbine vibration triggered the change from a maintenance to a forced outage designation.

RESPONSE

- a. Prior to Unit 1 coming out of service for the Forced Outage on 2/27/21 the Mitchell plant staff was aware, on 2/26/21, that there was a side wall tube leak. A Maintenance Outage was scheduled with PJM to address the side wall leak. To schedule a Maintenance Outage, the unit in question has to be able to run through the upcoming weekend into the following Monday. Plant staff was trying to keep the unit running safely with the known tube leak. That can be done if the initial leak does not cut another tube, creating multiple tube leaks in the area. In this case, the initial tube leak cut another adjacent tube, causing multiple leaks that presented too much risk, resulting in the Forced Outage on 2/27/21. However, since there was already a Maintenance Outage scheduled for the tube leak, PJM allowed the unit to go to Maintenance Outage per the original schedule.
- b. No, the reclassification did not result in the changing of outage status. The unit was released for startup after the tube leak was repaired and turbine vibration problems occurred during startup, resulting in the Forced Outage.

Witness: Douglas J. Rosenberger

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DATA REQUEST

- 2_6** Refer to Kentucky Power's response to Staff's First Request, Items 15 and 17.
- a. Comparing the data in the Table Item 17 with the outage information in Item 15, Mitchell 1 had zero outages in November 2020 and Mitchell 2 had only an approximate seven-day outage in January 2021. Explain how the capacity factor can be zero in these two instances.
 - b. Confirm that Mitchell 2 had zero outages in either November or December 2020.

RESPONSE

- a. Mitchell Unit 1 did not run during November 2020. Mitchell Unit 1 had a Planned Outage for the period 10/3/20 to 11/25/20. Unit 1 was then requested by PJM to go into Down Not Required (DNR) status from 11/25/20 to 12/7/20. The Plant requested a Maintenance Outage on Unit 1 from 12/7/20 to 12/16/20. Unit 1 was once again requested to go into Down Not Required (DNR) status from 12/16/20 to 12/20/20. The original response to Staff's First Request, Item 15 inadvertently omitted the Planned Outage that began October 3, 2020 because its start date was outside the review period. PJM requested that Mitchell Unit 2 be placed into Down Not Required (DNR) status from 12/22/20 to 1/12/21. The Plant requested a Maintenance Outage on Unit 2 from 1/12/21 to 1/19/21. Unit 2 was once again requested to go into Down Not Required (DNR) status from 1/19/21 to 2/1/21. Therefore the capacity factor was zero for the month of January 2021.
- b. Mitchell Unit 2 did not have any outages during November or December of 2020. PJM requested Unit 2 to go into DNR from 12/22/20 thru 12/31/20.

Witness: Douglas J. Rosenberger

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DATA REQUEST

- 2_7** Provide a table showing the monthly PJM Interconnection LLC (PJM) revenues and charges for each billing line item that Kentucky Power is authorized to pass through the Fuel Adjustment Clause (FAC) in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

RESPONSE

The requested information is filed monthly as part of the monthly Fuel Adjustment Clause backup. See attachment KPCO_R_KPSC_2_7_Attchment1 for requested information.

Witness: Scott E. Bishop

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DATA REQUEST

2_8 Confirm that no other revenues or charges from PJM billing line items not authorized by the Commission has been passed through the FAC during the six-month period under review.

RESPONSE

Confirmed.

Witness: Scott E. Bishop

Kentucky Power Company
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DATA REQUEST

- 2_9** Review Kentucky Power's Fuel Adjustment Clause Tariff sheets and provide a list of necessary adjustments or subsequent information, if any, needed to correspond with the recent changes to 807 KAR 5:056 Fuel Adjustment Clause Regulation, as amended on August 20, 2019, and June 3, 2021.

RESPONSE

Please see KPCO_R_KPSC_2_9_Attachment1 for proposed adjustments to the Company's Tariff F.A.C. in order to better conform to the current version of 807 KAR 5:056. A summary list of the adjustments follows:

1. Minor wording adjustments to paragraph 3(c) of the tariff in order to better conform to 807 KAR 5:056, Section 1(3)(c).
2. Minor wording adjustments to paragraph 5 of the tariff in order to better conform to 807 KAR 5:056, Section 1(5).
3. Minor wording adjustments and clause rearrangement to paragraph 6 of the tariff in order to better conform to 807 KAR 5:056, Section 1(6).
4. Minor wording adjustments and the addition of a clause regarding unreasonable fuel charges to paragraph 7 of the tariff in order to better conform to 807 KAR 5:056, Section 2(1), (2), and (3), and Section 3(1) and (2).
5. The deletion of paragraph 8 of the tariff.
6. The renumbering of subsequent paragraphs due to the deletion of paragraph 8.
7. Minor wording adjustments and the deletion of a clause regarding supporting data in (former) paragraph 9 of the tariff in order to better conform to 807 KAR 5:056, Section 2(4).
8. Minor wording adjustments to (former) paragraph 10 of the tariff for clarity.
9. Minor wording adjustments to (former) paragraph 12 of the tariff for clarity.
10. The addition of new paragraph 12 in order to reflect the addition of 807 KAR 5:056, Section 3(4)(b).

The Company also will be filing revised tariff pages with the updates reflected herein via the Commission's Tariff Filing System.

Witness: Scott E. Bishop

KENTUCKY POWER COMPANY

P.S.C. KY. NO. 12 ~~1st REVISED ORIGINAL~~ SHEET NO. 5-1 T
CANCELLING P.S.C. KY. NO. 12~~1~~ ORIGINAL SHEET NO. 5-1 T

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TARIFF F.A.C.
(Fuel Adjustment Clause)

APPLICABLE.

To Tariffs R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., R.S.-T.O.D. 2, R.S.D., G.S., S.G.S.-T.O.D., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., I.G.S., C.S.-I.R.P., C.S. Coal, M.W., O.L., and S.L.

RATE.

1. The fuel clause shall provide for periodic adjustment per kWh of sales equal to the difference between the fuel costs per kWh of sales in the base period and in the current period according to the following formula: T

$$\text{Adjustment Factor} = \frac{F(m)}{S(m)} - \frac{F(b)}{S(b)}$$

Where F is the expense of fossil fuel in the base (b) and current (m) periods; and S is sales in the base (b) and current (m) periods, all as defined below:

2. F(b)/S(b) shall be so determined that on the effective date of the Commission's approval of the utility's application of the formula, the resultant adjustment will be equal to zero (0).
3. Fuel costs (F) shall be the most recent actual monthly cost of:
- Fossil fuel consumed in the utility's own plants, and the utility's share of fossil and nuclear fuel consumed in jointly owned or leased plants, plus the cost of fuel which would have been used in plants suffering forced generation or transmission outages, but less the cost of the fuel related substitute generation, plus
 - The actual identifiable fossil and nuclear fuel costs [if not known--the month used to calculate fuel (F), shall be deemed to be the same as the actual unit cost of the Company generation in the month said calculations are made. When actual costs become known, the difference, if any, between fuel costs (F) as calculated using such actual unit costs and the fuel costs (F) used in that month shall be accounted for in the current month's calculation of fuel costs (F)] associated with energy purchased for reasons other than identified in paragraph (c) below, but excluding the cost of fuel related to purchases to substitute the forced outages, plus
 - The net energy cost of energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transaction) when such energy is purchased on an economic dispatch basis. Included therein may be such costs as the charges for economy energy purchases, ~~and~~ the charges as a result of scheduled outage, and all such kinds of other charges for energy being purchased by the Company to substitute for its own higher cost of energy; and less
 - The cost of fossil fuel recovered through intersystem sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.
 - The fuel-related costs charged to the Company by PJM Interconnection LLC including but not limited to those costs identified in the following Billing Line Items, as may be amended from time to time by PJM Interconnection LLC: Billing Line Items 1210, 2210, 1215, 1218, 2217, 2218, 1230, 1250, 1260, 2260, 1370, 2370, 1375, 2375, 1400, 1410, 1420, 1430, 1478, 1340, 2340, 1460, 1350, 2350, 1360, 2360, 1470, 1377, 2377, 1480, 1378, 2378, 1490, 1500, 2420, 2220, 1200, 1205, 1220, 1225, 2500, 2510, 1930, 2211, 2215, 2415 and 2930.
 - All fuel costs shall be based on weighted average inventory costing.

(Cont'd on Sheet No. 5-2)

KENTUCKY POWER COMPANY

P.S.C. KY. NO. 12 ~~2ND~~ ~~1ST~~ REVISED SHEET NO. 5-2

CANCELLING P.S.C. KY. NO. 12 ~~1ST~~ ~~REVISED ORIGINAL~~ SHEET NO. 5-2

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TARIFF F.A.C. (Cont'd)
(Fuel Adjustment Clause)

4. Forced outages are all nonscheduled losses of generation or transmission which require substitute power for a continuous period in excess of six (6) hours. Where forced outages are not as a result of faulty equipment, faulty manufacture, faulty design, faulty installations, faulty operation, or faulty maintenance, but are Acts of God, riot, insurrection or acts of the public enemy, then the utility may, upon proper showing, with the approval of the Commission, include the fuel costs of substitute energy in the adjustment. Until such approval is obtained, in making the calculations of fuel costs (F) in subsection (3)(a) and (b) above, the forced outage costs to be subtracted shall be no less than the fuel cost related to the lost generation.
5. Sales (S) shall be all kWh's sold, excluding intersystem sales. ~~Whereif~~, for any reason billed system sales cannot be coordinated with the fuel costs for the billing period, sales may be equated to: ~~the sum of~~ (i) generation, ~~plus~~ (ii) purchases, ~~plus~~ (iii) interchange in, less (iv) energy associated with pumped storage operations, less (v) intersystem sales referred to in subsection (3)(d) above, less (vi) total system losses. Utility used energy shall not be excluded in the determination of sales (S).
6. The cost of fossil fuel shall only include ~~no items other than the invoice price of fuel less any cash or other discounts. The invoice price of fuel includes~~ the cost of the fuel itself and necessary charges for transportation of the fuel from the point of acquisition to the unloading point, as listed in Account 151 of FERC Uniform System of Accounts for Public Utilities and Licensees, ~~less any cash or other discounts.~~
7. At the time the fuel clause is initially filed, the utility shall submit copies of each fossil fuel purchase contract not otherwise on file with the Commission and all other agreements, options, ~~amendments, modifications, and~~ or similar ~~such~~ documents, ~~and all amendments and modifications thereof,~~ related to the procurement of fuel supply ~~and/or~~ purchased power. ~~Incorporation by reference is permissible.~~ Any changes in the ~~contracts or other~~ documents, including price escalations, ~~or and~~ any new agreements entered into after the initial submission, shall be submitted at the time they are entered into. ~~Where if~~ fuel is purchased from utility-owned or controlled sources, or the contract contains a price escalation clause, those facts shall be noted and the utility shall explain and justify them in writing. Fuel charges, which are unreasonable, shall be disallowed and may result in the suspension of the fuel adjustment clause ~~based on the severity of the utility's unreasonable fuel charges and any history of unreasonable fuel charges.~~ The Commission on its own motion may investigate any aspect of fuel purchasing activities covered by ~~this regulation~~ 807 KAR 5:056 (Fuel Adjustment Clause).
8. ~~Any tariff filing which contains a fuel clause shall conform that clause with this regulation within three (3) months of the effective date of this regulation. The tariff filing shall contain a description of the fuel clause with detailed cost support.~~
98. The monthly fuel adjustment shall be filed with the Commission no later than ten (10) days before it is scheduled to go into effect, along with all the necessary supporting data to justify the amount of the adjustments, ~~which shall include data and information as may be required by the Commission.~~
- ~~109.~~ Copies of all documents required to be filed with the Commission under ~~this regulation~~ 807 KAR 5:056 shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS 61.870 to 61.884.
- ~~110.~~ At six (6) month intervals, the Commission shall conduct a formal review and may conduct public hearings on a utility's past fuel adjustments. The Commission shall order a utility to charge off and amortize, by means of a temporary decrease of rates, any adjustments ~~the Commission finds unjustified due to improper calculation or application of the charges or improper fuel procurement practice.~~
- ~~121.~~ Every two (2) years following the initial effective date of each utility's fuel clause, the Commission shall conduct a formal review and evaluate past operations of the clause, disallow improper expenses, and to the extent appropriate, reestablish the fuel clause charge in accordance with Section 1 (2) of ~~the administrative regulation~~ 807 KAR 5:056.
12. The Commission may conduct a public hearing if the Commission finds that a hearing is necessary for the protection of a substantial interest or is in the public interest.

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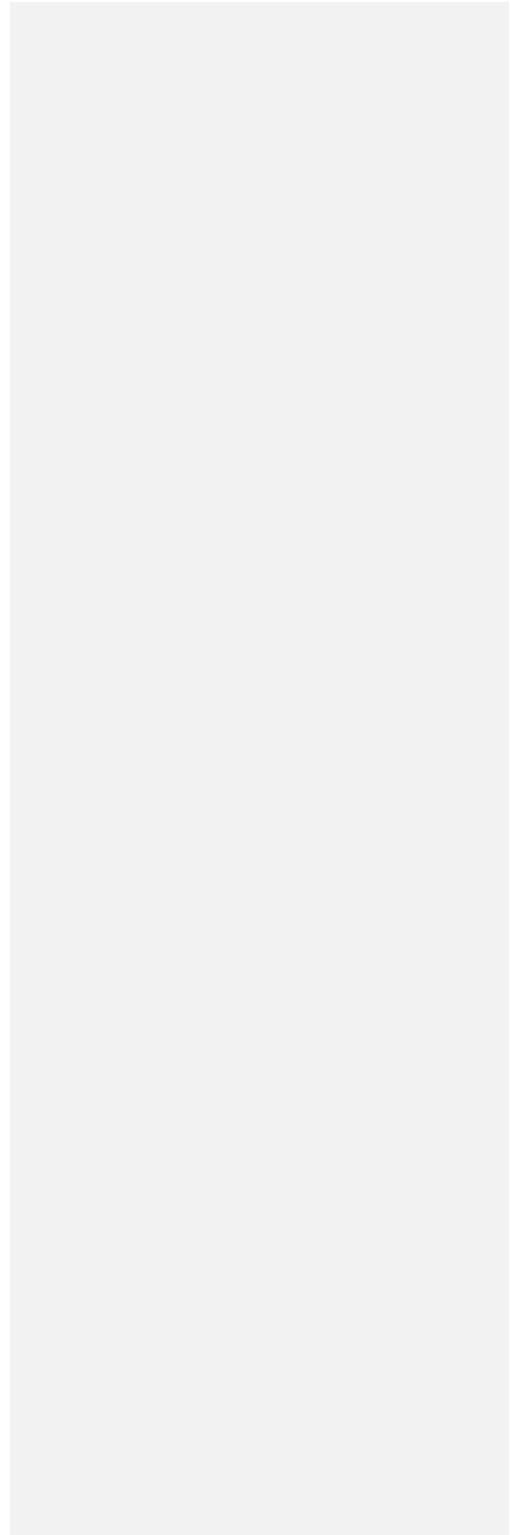
13. Resulting cost per kilowatt-hour in February 2020 to be used as the base cost in Standard Fuel Adjustment Clause is:

<u>Fuel</u>	February 2020 ÷ \$12,810,858 = \$0.02612/kWh
Sales	February 2020 490,482,730

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This, as used in the Fuel Adjustment Clause, is 2.612¢ per kilowatt-hour.





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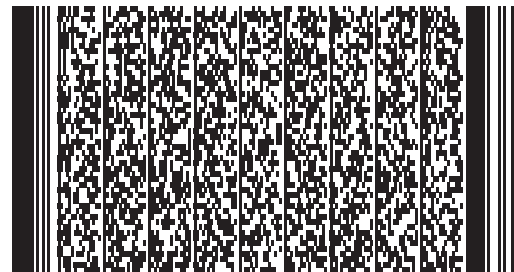
E-Signature Summary

E-Signature 1: Clinton M. Stutler (CMS)

January 03, 2022 11:03:34 -8:00 [2998585786A3] [167.239.221.107]
cmstutler@aep.com (Principal) (Personally Known)

E-Signature Notary: S. Smithhisler (SRS)

January 03, 2022 11:03:34 -8:00 [D486F09AB5E9] [161.235.221.105]
srsmithhisler@aep.com
I, S. Smithhisler, did witness the participants named above electronically sign this document.



VERIFICATION

The undersigned, Clinton M. Stutler, being duly sworn, deposes and says he is the Natural Gas & Fuel Oil Manager for American Electric Power Service Corporation, that he 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 his information, knowledge, and belief.

Clinton M. Stutler

Clinton M. Stutler

State of Ohio)
)
County of Franklin)

Case No. 2021-00292

Subscribed and sworn before me, a Notary Public, by Clinton M. Stutler this 3rd day of January, 2022.

S. Smithhisler

Notary Public

My Commission Expires April 29, 2024



Notarial act performed by audio-visual communication

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E-Signature Summary

E-Signature 1: Douglas J Rosenberger (DJR)

January 03, 2022 11:07:33 -8:00 [9A2BB91EAAFA] [167.239.221.107]
 djrosenberger@aep.com (Principal) (Personally Known)

E-Signature Notary: S. Smithhisler (SRS)

January 03, 2022 11:07:33 -8:00 [3DFED58959D1] [161.235.221.105]
 srsmithhisler@aep.com
 I, S. Smithhisler, did witness the participants named above electronically sign this document.

