

American Electric Power Company, Inc.
Kentucky Power Company
Liberty Utilities Co.
KPSB Case No. 2021-00481
Attorney General's Second Set of Data Requests
Dated February 4, 2022

DATA REQUEST

- AG 2_18** Explain whether any of Liberty's other electric utilities have winter-peaking service territories. Provide a discussion of the measures Liberty is prepared to employ to insure that its service is adequate during KPCo's winter peaks.
- a. Given Liberty's self-stated goal of 'greening the fleet,' explain in detail how Liberty will insure adequate power supply during winter peaks when generation from renewable resources is virtually unavailable within the Commonwealth.
 - b. Explain whether industrial customers in KPCo's service territory have expressed any concerns regarding reliability in light of Liberty's self-stated goal to 'green the fleet.' If Liberty has not discussed this issue with industrial customers, explain fully why not.
 - c. If Liberty intends to rely on market power purchases when renewable resources are unavailable due to their inherent intermittency, does Liberty acknowledge that KPCo customers will experience significant increases in their monthly fuel adjustment charge? If Liberty is not willing to so acknowledge, explain fully why not.

RESPONSE

Liberty disagrees with the characterization in this request that it views "greening the fleet" as a greater priority than insuring adequate power supply, reliability and safety. The Empire District Electric Company ("Empire Electric") is a winter peaking investor-owned utility providing electric service to approximately 180,000 customers in Missouri, Kansas, Oklahoma, and Arkansas. Empire Electric successfully completed its the Customer Savings Plan initiative after it was acquired by Liberty Utilities in January of 2017 which included retiring ~200MWs of coal capacity and replacing it with 600 MWs of wind.

- a. There are two primary mechanisms that ensure Kentucky Power customers will have an adequate and reliable supply of electricity. The first is Liberty will perform an Integrated Resource Plan ("IRP") as outlined in KRS 278.040(3) to ensure that a resource plan is developed. Additionally PJM, as the regional transmission organization (RTO), is responsible for the reliability of the bulk electric system within its territory which includes Kentucky Power, and through administration of the capacity and energy markets, ensures adequate supply in aggregate for all Load Serving Entities.

- b. Liberty is not aware of any specific concerns of this nature raised by industrial customers. Should a concern arise in the future Liberty is happy to have a dialogue with customers on the reliability of their service and the impact of renewable generation resources. Liberty has not initiated discussions with customers on this topic as it does not anticipate a detrimental impact on customer reliability.
- c. PJM, through the Day Ahead and Real Time markets, will commit and dispatch all available generation resources to optimize reliability and economics. Liberty does not wish to presuppose the specifics of Kentucky Power's future generation portfolio so it cannot directly address the AG's concerns about fuel adjustment charges without speculation. In general terms the intermittency of a generation resource is one of many variables that can both positively and negatively impact the economics of the resource. For some market intervals Kentucky Power may rely on market purchases for a variety of reasons including intermittency. For other market intervals Kentucky Power may be a net seller of renewable power with a \$0 variable fuel cost. Liberty seeks to deploy renewable generation for its utilities that results in a net benefit to customer fuel expense.

Witness: Drew Landoll

FEBRUARY 18, 2022 SUPPLEMENTAL RESPONSE

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- b. Liberty is in the process of meeting Kentucky Power's large commercial and industrial customers and has not encountered any concerns regarding reliability. Most recently, Liberty held introductory meetings with industrial customers as well as two major hospitals in Kentucky Power's service territory. In all cases, discussions of Liberty's renewable energy track record and potential plans in Kentucky received positive responses, considering potential alignment with the customers' own sustainability goals

and opportunities to explore grid reliability enhancements in the course of the planning work.

- c. PJM, through the Day Ahead and Real Time markets, will commit and dispatch all available generation resources to optimize reliability and economics. Liberty does not wish to presuppose the specifics of Kentucky Power's future generation portfolio so it cannot directly address the AG's concerns about fuel adjustment charges without speculation. In general terms, the intermittency of a generation resource is one of many variables that can both positively and negatively impact the economics of the resource. For some market intervals, Kentucky Power may rely on market purchases for a variety of reasons including intermittency. For other market intervals, Kentucky Power may be a net seller of renewable power with a \$0 variable fuel cost. Liberty seeks to deploy renewable generation for its utilities that results in a net benefit to customer fuel expense.

Witness: Drew Landoll (parts a, c)

Witness: David Swain (part b)