

Kentucky Power Company  
KPSC Case No. 2022-00036  
Commission Staff's Third Set of Data Requests  
Dated June 7, 2022  
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**DATA REQUEST**

**KPSC 3\_1** Consider the hypothetical situation where a generation unit has been scheduled for a month long maintenance outage and during the course of the outage the utility cannot complete the maintenance work due to COVID-induced labor shortages and supply chain issues. Explain why the Commission should not consider the unit outage to be a forced outage, as defined in 807 KAR 5:056, Section 1(4), as opposed to a continued maintenance outage for the time extending beyond the scheduled outage time.

**RESPONSE**

Without providing legal analysis or expressing an opinion about the legal application of the referred sections of the KAR, the Company states as follows:

807 KAR 5:056, Section 1(4) defines forced outages as:

all nonscheduled losses of generation or transmission that require substitute power for a continuous period in excess of six (6) hours. If forced outages are not the 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 cost of substitute energy in the adjustment. In making the calculations of fuel cost (F) in subsection (3)(a) and (b) of this section, the forced outage costs to be subtracted shall be no less than the fuel cost related to the lost generation until approval is obtained.

The regulation does not define scheduled outages. Common English usage and the dictionary indicate that a scheduled outage is one that is “plan[ned] for a certain time or date.”<sup>1</sup> Consistent with this definition, and long-standing Commission practice, Kentucky Power classifies planned and maintenance outages as scheduled outages for purposes of 807 KAR 5:056.

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<sup>1</sup> WEBSTER'S NEW TWENTIETH DICTIONARY UNABRIDGED 1619 (2nd Ed. 1983).

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Kentucky Power is a member of PJM Interconnection LLC (“PJM”). The Company schedules both planned and maintenance outages with PJM in accordance with the requirements and limitations of PJM Manual 10. PJM generally approves planned and maintenance outages during those periods where doing so will not jeopardize the adequacy of reserves or the reliability of the PJM Region. PJM Manual 10 permits, with PJM authorization, the extension of ongoing planned and maintenance outages.

Kentucky Power notes that the hypothetical situation described in this data request (without regard to the original scheduled period of the maintenance or planned outage) was not presented by any of the outages during the current review period reported in the Company’s response to KPSC 1-15. The Company nevertheless understands that, absent any then existing issues regarding the adequacy of reserves or system reliability, PJM would approve the extension of the planned or maintenance outage under the circumstances described in the hypothetical situation presented in the data request.

The Commission should not consider “the unit outage [described in the hypothetical] to be a forced outage, as defined in 807 KAR 5:056, Section 1(4), as opposed to a continued maintenance outage for the time extending beyond the scheduled outage time,” for the following five reasons:

(a) the unit outage described in the hypothetical presented by the data request literally is “a continued maintenance outage extending beyond the scheduled outage time.” There is no principled basis for distinguishing between the extension described in the hypothetical and any other “continued maintenance outage extending beyond the scheduled outage time.”

(b) estimates of the duration of maintenance and scheduled outages are just that – estimates. The estimated duration represents engineering, operational, and planning estimates based on the best available information regarding the condition of the unit and the availability of materials and labor at the time the maintenance or planned outage is scheduled. Once the outage is taken, a complete examination of the unit is possible, and more complete information regarding the condition of the unit can become available. Such an examination can reveal previously unidentified issues. Likewise, information regarding labor and supply availability, such as was posited in the hypothetical, also becomes more complete (and accurate) as the time of the outage approaches and as the outage occurs. Again, there is no principled basis for distinguishing between estimates regarding the condition of the unit made at the time the outage was scheduled, and estimates regarding the availability of labor or parts needed for the planned or maintenance outage made at the same time. Nor is there a principled basis for

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distinguishing between a planned outage that was extended a period of “x” days required to obtain the parts needed to address emergent scope of work related to a previously unknown issue discovered while the outage was being taken, and a planned outage that was extended for the same “x” days because a required part was delayed, or labor was unavailable, as is posited in the data request.

(c) 807 KAR 5:056 makes no reference to the duration of the outage, or whether the period of the originally estimated period of the outage was extended, in differentiating between types of outages. Rather, it is the fact of whether the outage was scheduled or not scheduled that is determinative of whether the outage was “forced” or “scheduled.” Compare 807 KAR 5:056, Section 1(4) (“Forced outages are all nonscheduled losses of generation . . .”) versus 807 KAR 5:056, Section 1(3)(c) (“Costs such as . . . charges as a result of scheduled outage. . .”). Moreover, the regulation’s use of the term “loss of generation” in defining “forced outage” suggests that the determination of the nature of the outage is to be made at the time of the outage. An outage that is extended is not the loss of generation because the unit is out-of-service at the time of the extension.

(d) Treating the hypothetical presented in the data request as a forced outage would be, in Kentucky Power’s experience, inconsistent with the Commission’s long-standing and uninterrupted construction of the regulation in connection with Kentucky Power’s fuel adjustment clause. The Company is unaware of any instance where the extension of a planned or maintenance outage by Kentucky Power beyond the originally estimated outage duration was retroactively treated as a forced outage by the Commission. An agency’s longstanding construction of its own regulation typically is accorded great, if not controlling weight.<sup>2</sup>

(e) Extending a planned or maintenance outage in the case of a labor shortage or supply-chain issue, such as described in the hypothetical, can be less costly for customers than ending the outage as originally estimated.<sup>3</sup> Extending the outage avoids the need for duplicate expenses associated with taking the unit out of service, and then restoring it to service, for a subsequent planned outage.

Witness: Scott E. Bishop

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<sup>2</sup> Hagan v. Farris, 807 S.W.2d 488, 490 (Ky. 1991).

<sup>3</sup> Kentucky Power would end the planned outage at the time originally estimated in such a case only if it were safe and reasonable to do so.

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**DATA REQUEST**

**KPSC 3\_2** For each month in the current six-month review period, provide the amounts of purchased power fuel during scheduled/extended outages and forced outages in both kwh and dollars and the amounts of purchased power cost recovered through the Fuel Adjustment Clause and through the Purchase Power Agreement and any amounts not recovered through either.

**RESPONSE**

The Company requires additional time to complete and confirm its substantive response. Kentucky Power proposes to file its supplemental response to this data request, subject to its motion for an extension filed today, on or before June 22, 2022.

Witness: Scott E. Bishop

**VERIFICATION**

The undersigned, Scott E. Bishop, being duly sworn, deposes and says he is a Regulatory Consultant Sr. for Kentucky Power Company, 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 after reasonable inquiry.

*Scott E. Bishop*

Scott E. Bishop

Commonwealth of Kentucky )

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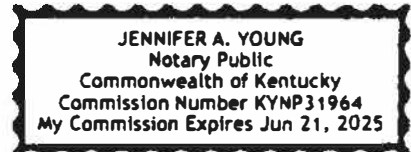
County of Boyd )

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Subscribed and sworn before me, a Notary Public, by Scott E. Bishop this 16<sup>th</sup> day of June, 2022.

Notary Public

*Jennifer A. Young*



My Commission Expires 6/21/2025

Notary ID Number: KYNP31964

**VERIFICATION**

The undersigned, Scott E. Bishop, being duly sworn, deposes and says he is a Regulatory Consultant Sr. for Kentucky Power Company, 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 after reasonable inquiry.

*Scott E. Bishop*

Scott E. Bishop

Commonwealth of Kentucky )

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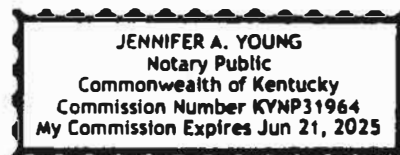
County of Boyd )

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Subscribed and sworn before me, a Notary Public, by Scott E. Bishop this 16th day of June, 2022.

Notary Public

*J. Young*



My Commission Expires 6/21/2025

Notary ID Number: KYNP31964