

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In The Matter Of:

AN ELECTRONIC EXAMINATION OF THE
APPLICATION OF THE FUEL ADJUSTMENT CLAUSE OF
KENTUCKY POWER COMPANY FROM MAY 1, 2021
THROUGH OCTOBER 31, 2021

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Case No 2022-00036

**INITIAL DATA REQUESTS OF
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.**

Comes now the intervenor, the Kentucky Industrial Utility Customers (“KIUC”) and submit these Data Requests to Kentucky Power Company (“Kentucky Power”) to be answered in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate requested item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person’s knowledge, information, and belief formed after a reasonable inquiry.
- (6) If you believe any request appears confusing, please request clarification directly from undersigned Counsel for KIUC.
- (7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify KIUC as soon as possible, and in accordance with Commission direction.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise

DEFINITIONS

1. “Document(s)” is used in its customary broad sense and includes electronic mail and all written, typed, printed, electronic, computerized, recorded or graphic statements, memoranda, reports, communications or other matter, however produced or reproduced, and whether or not now in existence, or in your possession.
2. “Correspondence” is used in its customary broad sense and includes electronic email, including all attachments, and all written mail, messages and communications between the persons or parties named in the request.
3. “Study” means any written, recorded, transcribed, taped, filmed, or graphic matter, however produced or reproduced, either formally or informally, a particular issue or situation, in whatever detail, whether or not the consideration of the issue or situation is in a preliminary stage, and whether or not the consideration was discontinued prior to completion whether preliminary or final, and whether or not referred to in Big Rivers’ direct testimony.
4. If any document requested herein was at one time in existence, but has been lost, discarded or destroyed, identify such document as completely as possible, including the type of document, its date, the date, or approximate date it was lost, discarded or destroyed, the identity of the person (s) who last had possession of the document and the identity of all persons having knowledge of the contents thereof.
5. “Person” means any natural person, corporation, professional corporation, partnership, association, joint venture, proprietorship, firm, or the other business enterprise or legal entity.
6. A request to identify a natural person means to state his or her full name and residence address, his or her present last known position and business affiliation at the time in question.
7. A request to identify a document means to state the date or dates, author or originator, subject matter, all addressees and recipients, type of document (e.g., letter, memorandum, telegram, chart, etc.), number of code number thereof or other means of identifying it, and its present location and custodian. If any such document was, but is no longer in the Company’s possession or subject to its control, state what disposition was made of it.
8. A request to identify a person other than a natural person means to state its full name, the address of its principal office, and the type of entity.
9. “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

10. "Each" and "any" should be considered to be both singular and plural, unless specifically stated otherwise.
11. Words in the past tense should be considered to include the present, and words in the present tense include the past, unless specifically stated otherwise.
12. "You" or "your" means the person whose filed testimony is the subject of these interrogatories and, to the extent relevant and necessary to provide full and complete answers to any request, "you" or "your" may be deemed to include any person with information relevant to any interrogatory who is or was employed by or otherwise associated with the witness or who assisted, in any way, in the preparation of the witness' testimony.
13. "American Electric Power Company, Inc." or "AEP" means American Electric Power Company, Inc. and/or any of their officers, directors, employees, or agents who may have knowledge of the particular matter addressed.
14. "Kentucky Power Company" or "Kentucky Power" means Kentucky Power Company and/or any of their officers, directors, employees, or agents who may have knowledge of the particular matter addressed.
15. "Commission" means "Kentucky Public Service Commission"

**INITIAL DATA REQUESTS OF
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS INC. TO
KENTUCKY POWER COMPANY
Case No. 2022-00036**

- Q.1-1. With respect to the operation of Rockport Units 1 and 2 by Indiana Michigan (“I&M”):
- a. Please describe the process by which I&M dispatches the units.
 - b. In Case No. U-20224 at the Michigan Public Service Commission, AEP witness Stegall testified that I&M “self-commits” the Rockport units into the PJM energy markets. Please describe what is meant by “self-commits” and why I&M chose self-commit as opposed to designate the Rockport Units as “economic”.
 - c. In Cause No. 45576 before the Indiana Utility Regulatory Commission, AEP witness Kerns testified the operation of Rockport has changed from base load to “load following”. What is meant by “load following”? When did the change from base load to load following occur?
 - d. Please describe how the energy requirements of Kentucky Power are incorporated into I&M’s operation of the Rockport Units. Please provide all documents that support your answer.
 - e. Over the FAC review period, please provide all documents and correspondence from Kentucky Power to I&M regarding Kentucky Power’s projected energy needs from Rockport. For example, daily, weekly or monthly forecasted energy requirements of Kentucky Power.
 - f. During the FAC review period, did Kentucky Power ever request that I&M operate either of the two Rockport Units in order to meet Kentucky Power native load requirements on a least cost basis. Please provide all documents that support your answer.
- Q.1-2. Please provide all documents, studies, memoranda or emails which describe how Kentucky Power seeks to maximize the value of its Rockport energy entitlement.
- Q.1-3. With respect to the FAC limitation on the recovery of purchase power costs due to forced outages:
- a. Please confirm that the limitation on the recovery of purchase power costs due to forced outages has not been applied by Kentucky Power with respect to Rockport.
 - b. Please explain why the forced outage limitation does not apply to Rockport.
 - c. If there is a Commission decision addressing the recovery of purchase power costs due to forced outages at Rockport please provide a citation.
- Q.1-4. Please describe how the July 25, 2021 fire at the barge loading system at the Cook Coal Terminal affected the coal supply at Rockport.

Q.1-5. On October 3, 2002 in Case No. 2000-00495-B, the Commission adopted Kentucky Power's proposed peaking unit equivalent (PUE) proxy methodology. The Commission explained that the FAC "permits an electric utility to recover through its FAC only the lower of the actual energy cost of the non-economy purchased energy or the fuel cost of its highest cost generating unit available to be dispatched to serve native load during the reporting expense month." Under the PUE, Kentucky Power will recover through its FAC "non-economy purchased power costs that are the lower of its actual purchased power cost and the peaking unit equivalent cost" of a hypothetical gas fired peaking plant. The Commission adopted this exception to its FAC regulation because "AEP is unique among Kentucky generators as it operates only base load coal-fired units." With respect to the PUE:

- a. Is there any limit on the amount of purchase power subject to the PUE cap? Please explain.
- b. If Big Sandy 1, Rockport 1 and 2, and Mitchell 1 and 2 *were not* available to be dispatched so that 100% of Kentucky Power's energy requirements had to be purchased, would all of that purchase power be subject to the PUE cap?
- c. If Big Sandy 1, Rockport 1 and 2, and Mitchell 1 and 2 were not operating but *were* available to be dispatched and 100% of Kentucky Power's energy requirements had to be purchased, how much of that purchase power would be subject to the PUE cap? If the PUE cap was not applicable because all or some of the generating units were available to be dispatched, which generating unit's fuel cost would serve as the purchase power cap?
- d. If either Rockport Unit was not operating but was available to be dispatched, would the Rockport fuel cost serve as the limit on FAC recovery of purchase power costs or would the PUE cap apply?
- e. Please explain why the PUE methodology should remain in effect given that Big Sandy 1 is gas fired.

Q.1-6. Refer to Kentucky Power's use of the PUE proxy methodology. Refer also to the Excel file attached to the response to Staff 1-16 named KPCO_R_KPSC_1_16_Attachment 2. Refer further to worksheet tab 06-21 Hourly Purch Alloc and the calculation of the Peaking Unit Equivalent \$/MWh in column L. The calculations in column L add a cost of \$33.48 per MWh to the calculated cost of gas to determine the Peaking Unit Equivalent \$/MWh.

- a. Please confirm that the \$33.38 per MWh is added to the cost calculated for each hour in the determination of the Peaking Unit Equivalent \$/MWh for each summer month during 2021. If not confirmed, please explain.
- b. Please confirm that the \$33.38 per MWh is added to the cost calculated for each hour in the determination of the Peaking Unit Equivalent \$/MWh for each non-summer month during 2021. If not confirmed, please explain.
- c. Please explain why the \$33.38 per MWh cost is added in each individual hour in column L.
- d. Please describe what the \$33.38 per MWh addition represents and explain all reasons why it is added to the determination of the Peaking Unit Equivalent \$/MWh.

- e. Please describe how the \$33.38 per MWh additional amount was determined. In addition, please provide copies of all source documentation and the calculations of this addition in electronic format with all formulas intact.
- f. Please indicate whether the \$33.38 per MWh addition remains constant in all months and in all years or whether it changes periodically. In addition, describe why it stays the same or why it changes.

Q.1-7. Please provide all documents, studies, memoranda or emails in the possession of Kentucky Power's President which address the steps Kentucky Power is expected to take to meet AEP's CO2 reduction goals.

Q.1-8. Please provide all documents, studies, memoranda or emails in the possession of Kentucky Power's President which address the steps Kentucky Power takes to maximize profits from off-system sales.

Q.1-9. Please explain how Kentucky Power harmonizes the two conflicting goals of reducing AEP's CO2 emissions and generating more energy to maximize profits from off-system sales.

Respectfully submitted,

/s/ Michael L. Kurtz

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May 9, 2022