

**DATA REQUEST**

- 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.

**RESPONSE**

- a. On a daily basis, a six-day estimate of potential margins is prepared and reviewed by AEPSC Commercial Operations. From this review, the commitment status of every unit is reviewed and determined for the next market day.
- b. Self-commit is also referred to as "Must Run" in the PJM RTO. This means the unit is committed at its Economic Min and can move up to Economic Max if called upon. Please see lines 3 through 9 on page 4 of the same testimony identified in the question for an explanation as to why I&M chose self-commitment.
- c. "Load following" refers to the role that the generating units play with regard to meeting the system (PJM) load demands. As load increases, the units' output is increased. As load decreases, the units' output is decreased. Similarly, the "base load" reference or role also describes the manner in which the generating units meet the system

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(PJM) load demands. "Base load" refers the generation that is used to meet the system's minimum load requirements. Therefore, the characteristics of "base load" units are higher capacity factors and lower Reserve Shutdown factors while "load following" units will generally see lower capacity factors due to their cycling to meet demand and higher Reserve Shutdown factors. The role change has no operational impact on the units or how they are dispatched. They continue to be economically dispatched to meet demand. The role change for the Rockport units occurred over time commensurate with changes to the energy market, driven by historically low natural gas prices and increases in wind and solar generation.

d. - f. Kentucky Power is a part of the PJM Regional Transmission Organization and does not exist in its own control area. AEPSC Commercial Operations offers all of AEP's regulated generating units, including those owned by Kentucky Power, into the PJM markets on a daily basis. PJM commits and dispatches units when their market offers are below the economic compared to the prevailing market price. The energy needs of the individual operating companies in PJM are purchased from the PJM energy markets on a daily basis. When the Rockport units are offered into PJM, the offers are designed to maximize the long-term economics of the generating units within the operational capabilities of the units, separate from the energy needs of Indiana Michigan Power Company and Kentucky Power Company. The matching of the sale of generation and the purchasing of energy is done as part of the Company's monthly accounting cycle, after the month is over. As a result, there are no communications to provide.

Witness: Timothy C. Kerns (c )

Witness: Jason M. Stegall (a, b, d, e, f )

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**DATA REQUEST**

**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.

**RESPONSE**

Kentucky Power objects to this request on the basis that it is overly broad and unduly burdensome. Subject to and without waiving the forgoing objection, the Company has not identified documents that are specifically concerned with the information requested. The Company offers its generation and purchases its load for every hour in every day in the PJM energy markets. All generating units are offered as individual resources, regardless of the ownership share of the AEP Operating Company.

Witness: Jason M. Stegall

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- 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.

**RESPONSE**

- a. Not applicable. The limitation is not applicable because Kentucky Power receives its share of Rockport generation through a Unit Power Agreement.
  
- b. The Company does not have an ownership or leased interest in the Rockport Plant. Kentucky Power receives its share of Rockport generation through a Unit Power Agreement.
  
- c. The Company is not aware of a Commission order addressing recovery of purchase power costs due to forced outages *specifically* at Rockport.

Witness: Scott E. Bishop

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**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.

**RESPONSE**

The July 25, 2021 fire at the barge loading system at the Cook Coal Terminal had no impact on the availability of coal for Rockport. Coal supply at Rockport was diverted to a third-party terminal located on the upper Mississippi river.

Witness: Timothy C. Kerns

**DATA REQUEST**

**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.

**RESPONSE**

- a. - d. The Company objects to this request on the basis that it calls for legal analysis and a legal opinion which are not appropriate subjects of discovery.

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e. Big Sandy unit 1 is not a combustion gas fired unit. It is a combined cycle unit and the PUE calculation was designed as a proxy mechanism for a higher cost peaking unit natural gas combustion turbine.

Witness: Jason M. Stegall

**DATA REQUEST**

- 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.

**RESPONSE**

- a. Confirmed.
- b. Confirmed.
- c. The \$33.48 cost added to every hour in column L is comprised of a \$30.00 adder for fixed start-up costs plus \$3.48 adder for variable O&M pursuant to the Commission's January 18, 2018 and February 27, 2018 order in Case No. 2017-00179 approving the inclusion of variable O&M and fixed start-up costs in the PUE.



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- d. Please see the Company's response to part c of this question.
- e. Please see Exhibit AEV-8 filed in Case No. 2017-00179 by Company witness Vaughan for the requested information.
- f. The Company has not updated this adder since it was first added to the calculation consistent with the Commission's February 27, 2018 order in Case No. 2017-00179.

Witness: Jason M. Stegall

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**DATA REQUEST**

**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.

**RESPONSE**

There are no documents responsive to this request. Please see the Company's response to KIUC 1-9 for more information.

Witness: Scott E. Bishop

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**DATA REQUEST**

**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.

**RESPONSE**

There are no documents responsive to this request. Please see the Company's response to KIUC 1-9 for more information.

Witness: Scott E. Bishop

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**DATA REQUEST**

**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.

**RESPONSE**

As described in the Executive Summary of AEP's 2021 Climate Impact Analysis (available at <http://www.aepsustainability.com/performance/report/docs/AEPs-Climate-Impact-Analysis-2021.pdf>):

*“As we transition to a clean energy economy, climate change impacts are central to our planning an electric power system that is reliable, resilient and affordable. How fast we make the transition and at what cost remain priorities for regulators, public policymakers and the energy industry.”*

AEP's carbon reduction goals are in lockstep with Kentucky Power's planning processes. While carbon-emitting facilities such as the Mitchell Plant continue to operate, it is in the Company's and customers' best interest to optimize their operation based on market conditions to obtain the most value from those assets and prudently manage our fuel and reagent inventories. Carbon reduction goals are not achieved by utilizing existing resources in a sub-optimal fashion to limit carbon emissions, but rather by gradually transitioning to new resources with fewer or no carbon emissions and executing a thoughtful plan to retire existing emitting resources (coal and gas). The timing and details of this transition are laid out in the AEP Operating Companies' integrated resource plans.

For these reasons, and keeping in mind that Kentucky Power is just one piece of AEP's overall corporate plan, the optimization of existing resources is in no way in conflict with AEP's long-term carbon reduction goals.

Witness: Scott E. Bishop





### Stegall Verification Case No 2022 00036 - DR Responses.doc

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#### E-Signature Summary

**E-Signature 1: Jason M. Stegall (JMS)**

May 17, 2022 11:19:58 -8:00 [071955D3290D] [167.239.221.101]  
jmstegall@aep.com (Principal) (Personally Known)

**E-Signature Notary: Jennifer Young (JAY)**

May 17, 2022 11:19:58 -8:00 [036CDA1C7884] [167.239.221.102]  
jayoung1@aep.com

I, Jennifer Young, did witness the participants named above electronically sign this document.



VERIFICATION

The undersigned, Jason M. Stegall, being duly sworn, deposes and says he is the Regulated Pricing & Analysis 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.

Jason M. Stegall  
Signed on 2022/05/17 11:19:58 -8:00

Jason M. Stegall

Commonwealth )  
County of Boyd )

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Subscribed and sworn before me, a Notary Public, by Jason M. Stegall this 17th day of May, 2022.

Jenny  
Signed on 2022/05/17 11:19:58 -8:00

JENNIFER A. YOUNG  
ONLINE NOTARY PUBLIC  
STATE AT LARGE KENTUCKY  
Commission # KYNP31964  
My Commission Expires Jun 21, 2025

Notary Stamp 2022/05/17 11:19:58 PST 008CDA1C7884

Notary Public

Notarial act performed by audio-visual communication

My Commission Expires 06/21/2025

Notary ID Number: KYNP31964

9C19F18B-9C70-40E5-A69F-9C01C0B70472 --- 2022/05/17 10:29:53 -8:00 --- Remote Notary



**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.

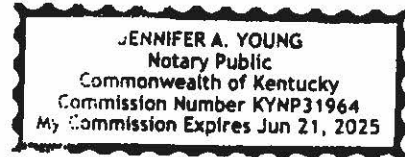
*Scott E. Bishop*  
 \_\_\_\_\_  
 Scott E. Bishop

Commonwealth of Kentucky )  
 )  
 County of Boyd )

Case No. 2022-00036

Subscribed and sworn before me, a Notary Public, by Scott E. Bishop this 13<sup>th</sup> day of May, 2022.

*Jennifer A. Young*  
 \_\_\_\_\_  
 Notary Public



My Commission Expires 6/21/25

Notary ID Number: KYNP 31964