

Kentucky Power Company
KPSC Case No. 2022-00387
Commission Staff's Second Set of Data Requests
Dated January 17, 2023

DATA REQUEST

KPSC 2_1 Refer to Kentucky Power's response to Commission Staff's First Request for Information (Staff's First Request), Item 3. Explain whether Ebon's security deposit is calculated as 2/12ths of its estimated annual bill at full tariffed rates or discounted rates.

RESPONSE

The security deposit will be based on 2/12ths of the Customer's estimated annual bill at full tariffed rates.

Witness: Brian K. West

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KPSC 2_2 Refer to Kentucky Power's response to Staff's First Request, Item 4. Provide Attachment 2 in Excel spreadsheet format, with all formulas, columns, and rows unprotected and fully accessible.

RESPONSE

Please see KPCO_R_KPSC_2_2_Attachment1 for the requested spreadsheet.

Witness: Brian K. West

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DATA REQUEST

KPSC 2_3 Refer to Kentucky Power's response to Staff's First Request, Item 5. To the extent that Ebon is operating during a time when Kentucky Power makes a capacity purchase, explain the rate or rates to which the contract discount will apply and how the rate is calculated.

RESPONSE

As an initial matter, the Company must secure capacity to serve all of its customers after the expiration of the Rockport UPA, not just Ebon. Capacity costs are not assigned to individual customers and are recovered through Tariff P.P.A. The proposed Special Contract is based on filed Tariffs EDR and IGS and Rider DRS. The only potential change to those Commission-approved rates is the floor price mechanism included in the Special Contract.

Witness: Brian K. West

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DATA REQUEST

- KPSC 2_4** Refer to Kentucky Power's response to Staff's First Request, Item 4, Attachment 1, Attachment 2, and Attachment 3.
- a. Comparing the winter peaks in Attachments 1 and 2, explain why they do not match and which is the correct estimated winter peak.
 - b. Assuming that Kentucky Power is planning to satisfy its PJM summer capacity requirements, explain why the estimated load obligation in Attachment 3 does not match the summer peaks in Attachments 1 or 2 and which is the correct estimated summer peak / load obligation.
 - c. Comparing the energy additions in Attachments 1 and 2, explain why they do not match and which is the correct load addition.
 - d. In addition to this proceeding, Kentucky Power has two other ongoing proceedings involving economic development contract riders (EDRs). Explain whether the estimated energy additions and peak demands and load obligations in Attachments 1-3 include the anticipated load of these three new contracts. For this proceeding alone, Ebon's contracted total capacity reservation is 90 MW in phase 1 and 250 MW in phase two. If Attachments 1-3 do not include the anticipated load of all three new contracts, provide updated exhibits that include the anticipated load additions and for each EDR, explain the amount of the load that is included in the peak and load obligation.
 - e. Comparing the estimated available capacity in Attachment 3 to the summer and winter peak demands in Attachment 2, the estimated available capacity in summer is short and extremely short in winter. Explain how the amount of Short Term Market Purchases was determined and why it is considered sufficient to satisfy capacity obligations.
 - f. Explain how the estimated Demand Response amounts in Attachment 3 were determined and whether the three EDR contract interruptible amounts are included in the estimates. If not, provide an updated Attachment or explain why the EDR interruptible amounts should not be included.

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RESPONSE

- a. The forecast included as Attachment 1 reflects the forecast used in determining the capacity obligation and the modeling associated with that. The forecast included as Attachment 2 is the Company's latest forecast. This forecast was developed after the modeling process for determining the Company's capacity obligation was initiated. Whether to use a certain forecast is dependent on what the forecast use(s) will be. If the need is consistent with modeling of capacity additions, then Attachment 1 should be used. If the latest forecast is needed, then Attachment 2 should be used.
- b. The load obligation information provided in Exhibit 3 is based upon the most-recently provided update from PJM. It reflects the most current data available.
- c. The load additions tab in Exhibit 1 reflects the amount of energy added to the load forecast in Exhibit 2 for this particular customer. The energy provided in the load additions tab of Exhibit 1 are in Mega Watt hours and the energy in Exhibit 2 is in Giga Watt hours.
- d. The Company can only identify one other on-going proceeding involving EDRs (Case No. 2022-00424¹). The forecast provided in Exhibit 2 includes load additions for that customer and Ebon in aggregate. Exhibit 1 and Exhibit 3 do not include load additions for the customer involved in Case No. 2022-00424. Anticipated load for that customer has not been developed and therefore is not available.
- e. The Short Term Market Purchase assumption is based upon the amount required to maintain a compliant FRR Capacity Plan. DY 22/23 & DY 24/25 are based upon actual transactions. The balance of the years are estimated.

¹ *In The Matter Of: Electronic Tariff Filing Of Kentucky Power Company For Approval Of A Special Contract Under Its Economic Development Rider And Demand Response Service Tariffs With Cyber Innovation Group, LLC, Case No. 2022-00424.*

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f. The estimated Demand Response assumptions are determined as follows:

DY 22/23 - Current Actuals

DY 23/24 & DY 24/25 - Based upon PJM DR Recognition process for near term Capacity Plans.

DY 25/26 & Thereafter - Conservative Estimates in alignment with the near term capacity planning process.

Under the proposed contract there would not be an increase in PJM DR Recognition as the approach utilized to manage the contracts would not result in any PJM DR recognition as long as the peak load contributions ("PLCs") for each participant are at or below their respective Firm Service Level.

Witness: Brian K. West

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KPSC 2_5 Refer to Kentucky Power's response to Staff's First Request, Item 4, Attachment 1 and Item 6. The 80 MW purchase satisfies the PJM FRR capacity requirement for the summer reserve requirement and does not appear to satisfy Kentucky Power's estimated winter peak demand. Explain the contract terms for the 80 MW purchase.

RESPONSE

Generally, the contract provides for 80 MW of capacity each calendar day for the 2024/2025 PJM Delivery Year at \$54.00 per MW-Day. The contract is for capacity only and does not entitle the Company to any energy output. This capacity purchase is sufficient to enable Kentucky Power to satisfy its PJM capacity obligations.

Witness: Brian K. West

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DATA REQUEST

KPSC 2_6 Refer to Kentucky Power's response to Staff's First Request, Item 9(a-b) and Item 9(f), Attachment 2. Explain whether Ebon's charges under Tariff Purchase Power Adjustment will at least equal the capacity purchase costs identified in Item 9(f). Provide any supporting calculations in Excel spreadsheet format, with all formulas, columns, and rows unprotected and fully accessible.

RESPONSE

Please refer to the Company's response to KPSC 2-5. The proposed Special Contract is based upon the otherwise applicable Tariff IGS rates, inclusive of the Purchased Power Adjustment (PPA). There is no guarantee that the tariff based charges under Tariff PPA would exactly equal any attributable marginal cost of generation capacity.

Witness: Lerah M. Kahn

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KPSC 2_7 Refer to Kentucky Power's response to Staff's First Request, Item 9(c). Explain why Kentucky Power is interpreting "incremental cost" to mean "incremental to costs under the Rockport Unit Power Agreement (UPA)" given that Kentucky Power's base rates will be reset in the first year of the contract to exclude the Rockport UPA costs.

RESPONSE

The Company was considering the incremental nature of costs at the time the contract was being negotiated in 2022. The interpretation still holds going forward after rates are reset in 2024 if the replacement cost of capacity for the Rockport UPA, inclusive of any Ebon capacity need, is less than the total cost of the Rockport UPA capacity.

Witness: Lerah M. Kahn

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DATA REQUEST

KPSC 2_8 Refer to Kentucky Power's response to Staff's First Request, Item 9, Attachment 1 and to Case No. 2022-00424, Kentucky Power's Notice of Filing Errata, Attachment 3, filed January 10, 2023.

- a. Comparing the two filings, the day ahead locational marginal prices (DA LMP) used in the calculations are different. Reconcile the differences and explain why a consistent DA LMP should not be used in all three of Kentucky Power's EDR proceedings.
- b. Explain how the incremental generation costs in each study was derived.

RESPONSE

- a. The Company can only identify one other on-going proceeding involving EDRs (Case No. 2022-00424²). The DA LMP prices are different as each uses a 3-year average based on a different ending period depending on the information available to the Company at the time of filing each. Nonetheless, the Company's errata's in both cases recommend utilizing a marginal energy cost that is offset by revenues collected from Ebon for fuel costs (Fuel Adjustment Clause including base fuel). Forward LMPs, like all commodities, are volatile and unknown. The Company simplified the assumption in the analysis by making the marginal cost of energy equal to the total fuel rate used in the projected 10-year revenue estimate.
- b. The cost of incremental generation is based on known short term purchase transactions and then an estimate of net cost of new entry ("CONE").

Witness: Lerah M. Kahn

² *In The Matter Of: Electronic Tariff Filing Of Kentucky Power Company For Approval Of A Special Contract Under Its Economic Development Rider And Demand Response Service Tariffs With Cyber Innovation Group, LLC*, Case No. 2022-00424.

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DATA REQUEST

KPSC 2_9 Refer to Kentucky Power's Response to Staff's First Request, Item 13. Confirm that Ebon will be subject to all riders and surcharges applicable to Tariff Industrial General Service. If not, provide a list of all riders and surcharges that will not be charged.

RESPONSE

Confirmed.

Witness: Brian K. West

VERIFICATION

The undersigned, Amanda C. Clark, being duly sworn, deposes and says she is the External Affairs Manager for Kentucky Power Company, that she 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 her information, knowledge, and belief.

Amanda Clark
Amanda C. Clark

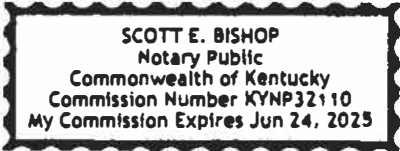
Commonwealth of Kentucky)
)
County of Boyd) Case No. 2022-00387

Subscribed and sworn before me, a Notary Public, by Amanda C. Clark this 20th day of January 2023.

Scott E. Bishop
Notary Public

My Commission Expires June 24, 2025

Notary ID Number: KYNP 32110



VERIFICATION

The undersigned, Lerah M. Kahn, being duly sworn, deposes and says she is a Regulatory Consultant Sr. for Kentucky Power Company, that she 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 her information, knowledge, and belief.

Lerah M. Kahn

Lerah M. Kahn

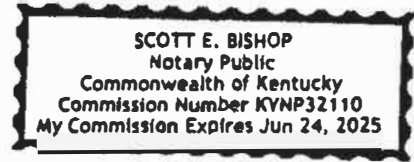
Commonwealth of Kentucky)
)
County of Boyd)

Case No. 2022-00387

Subscribed and sworn before me, a Notary Public, by Lerah M. Kahn this 24th day of January, 2023.

Scott E. Bishop

Notary Public



My Commission Expires June 24 2025

Notary ID Number: KYNP 32110

VERIFICATION

The undersigned, Brian K. West, being duly sworn, deposes and says he is the Vice President, Regulatory & Finance 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.



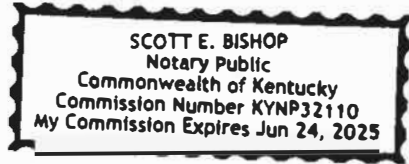
Brian K. West

Commonwealth of Kentucky)
)
County of Boyd)

Case No. 2022-00387

Subscribed and sworn before me, a Notary Public, by Brian K. West this 24th day of January, 2023.

Scott E. Bishop
Notary Public



My Commission Expires June 24, 2025

Notary ID Number: KYNP 32110