

Kentucky Power Company
KPSC Case No. 2022-00387
Commission Staff's Post Hearing Data Requests
Dated July 21, 2023

DATA REQUEST

**KPSC
PHDR_1** Refer to Kentucky Power's response to Commission Staff's First Request for Information (Staff's First Request), Item 4, Attachments 1 and 2. KRS 278.030(2) states in part that "[e]very utility shall furnish adequate, efficient and reasonable service." Per KRS 278.010(14), "Adequate service" means having sufficient capacity to meet the maximum estimated requirements. Provide an explanation and documentation of how Kentucky Power's actions satisfies Kentucky Power's obligation to supply adequate service year round and not just during the PJM designated 5 Coincident Peak months.

RESPONSE

This question is the subject of the June 23, 2023 Show-Cause Order issued in Case No. 2021-00370. Please see the Company's response filed on July 21, 2023 in that docket for a comprehensive response to this request.

Witness: Brian K. West

Kentucky Power Company
KPSC Case No. 2022-00387
Commission Staff's Post Hearing Data Requests
Dated July 21, 2023

DATA REQUEST

KPSC Refer to Kentucky Power's response to Staff's First Request, Item 4.

PHDR_2

- a. Explain the differences between the two load forecasts and which of the forecasts the Commission should rely in this case.

- b. The differences between the load forecasts in Attachments 1 and 2 do not equate to the load additions table in Attachment 1. Explain how the load additions were included in Attachment 2.

RESPONSE

- a. Please see the rebuttal testimony of Company Witness West at R-10 through R-12 for a detailed description of the differences between the forecasts. Nonetheless, the forecast provided in KPCO_R_KPSC_1_4_Attachment1 is consistent with the forecast used in the IRP and used for analysis associated with this case. The forecast provided in KPCO_R_KPSC_1_4_Attachment2 provided the latest forecast in response to data request in this case. The Commission should rely on the forecast provided in KPCO_R_KPSC_1_4_Attachment1, as it is consistent with forecasts used for analysis in this proceeding.

- b. The differences between the load forecasts are a result of incremental load additions that were not known at the time of the initial load forecast development. The load additions provided in KPCO_R_KPSC_1_4_Attachment1 are included in both forecasts provided in KPCO_R_KPSC_1_4_Attachment1 and KPCO_R_KPSC_1_4_Attachment2.

Witness: Brian K. West

Kentucky Power Company
KPSC Case No. 2022-00387
Commission Staff's Post Hearing Data Requests
Dated July 21, 2023

DATA REQUEST

**KPSC
PHDR_3** Refer to Kentucky Power's response to Staff's First Request, Item 11, and the Rebuttal Testimony of Lerah Kahn, Exhibit LKM-R-1. Kentucky Power stated that its analysis of Ebon's revenues without the floor price mechanism "produced a realized rate lower than the Company's estimate of the marginal cost to serve." However, the margin analysis that Kentucky Power provided does not forecast the use of the floor price bank. Explain what analysis results prompted Kentucky Power to negotiate the floor price mechanism.

RESPONSE

Kentucky Power included the floor price mechanism because the rate resulting from the proposed load taking service under Commission approved Tariffs I.G.S. and E.D.R. and Rider D.R.S. resulted in a rate that was too low to cover variable cost estimates at the time and contribute to existing fixed costs. The floor price mechanism had the effect of producing a rate that was expected to cover Ebon's variable costs and contribute to existing fixed costs.

Witness: Brian K. West

Kentucky Power Company
KPSC Case No. 2022-00387
Commission Staff's Post Hearing Data Requests
Dated July 21, 2023

DATA REQUEST

KPSC Refer to the Rebuttal Testimony of Lerah Kahn, Exhibit LKM-R-1.
PHDR_4 Provide a revised Exhibit LKM-R-1 that includes a 10-5 percent inflation factor for transmission expenses and increase Tariff Purchase Power Adjustment (PPA) rates.

RESPONSE

Please see KPCO_R_KPSC_PHDR_4_ConfidentialAttachment1 for the requested information.

Tabs 10% and 15% provides for the marginal revenue/cost analysis assuming a 10% and 15% escalation, respectively, to PJM transmission costs (Ln No. 9 under both scenarios). The applicable percentage increase to PPA rates due revenues corresponding to the escalation in transmission costs is provided on tabs "PPA-10" and "PPA-15" (which then carries forward to increased revenues as shown on Ln No. 12 under both scenarios.

It is important to note that Ebon will be paying Tariff PPA rates for their total load. In other words, Tariff PPA revenues received from Ebon will be based on Ebon's total load (estimated to be 250 MW). However, incremental transmission costs are based on Ebon's reduction to firm load (25 MW) during certain months because transmission costs are based on the Company's 1 CP and 12 CP. Thus, incremental transmission costs are lower than they otherwise would be for a load of this size due to the peak shaving provisions of the agreement. This results in a lower average transmission cost for all customers compared to a scenario where Ebon is not a customer.

Additionally, under both scenarios the Company removed Tariff F.T.C. revenues from consideration as it has become clear that Ebon will not operate before 2024. The majority of the F.T.C. rate is for unprotected excess accumulated deferred federal income tax that will be fully amortized and returned to customers by the end of 2023.

Witness: Lerah M. Kahn

Kentucky Power Company
KPSC Case No. 2022-00387
Commission Staff's Post Hearing Data Requests
Dated July 21, 2023

DATA REQUEST

KPSC State whether Kentucky Power includes any penalty payments collected
PHDR_5 under Tariff Demand Response Service (DRS) through Tariff PPA, and if
so, through which tariff element.

RESPONSE

Any penalty payments collected under Rider D.R.S. would be flowed back to customers as an offset within Tariff PPA element "CSIRP."

To the extent Tariff P.P.A. is unclear, or if any amendment to Tariff P.P.A. is necessary to effect such a flowback, the Company is amenable to updating Tariff P.P.A. accordingly in Case No. 2023-00159.

Witness: Brian K. West

Kentucky Power Company
KPSC Case No. 2022-00387
Commission Staff's Post Hearing Data Requests
Dated July 21, 2023
Page 1 of 3

DATA REQUEST

**KPSC
PHDR_6** Refer to Kentucky Power's Response to Staff's First Request, Item 7, Attachment 1. Provide an update to Attachment 1 showing and explaining Kentucky 7. Power's experience reducing both summer and winter peaks through Tariff DRS for the previous three years. Include in the response the corresponding timing the AEP 1CP peak, the PJM 5 CP peaks and Kentucky Power's 12 monthly peaks.

RESPONSE

During the three past calendar years the Company has successfully identified all 15 5CP days, though one day the specific hour of the peak was not accurately predicted. The Company has also captured two of the three AEP Zone 1CP hours during that time. Specifics follow:

AEP Zone 1CP

November 2021 to October 2022: 21,717.1 MWs on 6/22/22 H/E 16
November 2020 to October 2021: 21,925.3 MWs on 8/24/21 H/E 17
November 2019 to October 2020: 21,614.9 MWs on 7/9/20 H/E 17

Summer 2022 RTO Coincident Peaks (5CP)

Wednesday 7/20/2022 H/E 18: 147,334 MWs
Thursday 7/21/2022 H/E 17: 145,144 MWs
Friday 7/22/2022 H/E 18: 144,246 MWs
Monday 8/8/2022 H/E 16: 143,101 MWs
Wednesday 8/3/2022 H/E 18: 142,112 MWs

The Company called upon PJM participants on all 5CP hours. It did not call participants on 6/22 for the 1CP.

Kentucky Power Company
KPSC Case No. 2022-00387
Commission Staff's Post Hearing Data Requests
Dated July 21, 2023
Page 2 of 3

Summer 2021 RTO Coincident Peaks (5CP)

Tuesday 8/24/2021 H/E 18: 148,425 MWs
Thursday 8/12/2021 H/E 17: 147,916 MWs
Tuesday 6/29/2021 H/E 17: 146,571 MWs
Tuesday 7/6/2021 H/E 17: 145,734 MWs
Thursday 8/26/2021 H/E 16: 145,671 MWs

The Company called upon PJM participants on all 5CP hours and the 1CP as well.

Summer 2020 RTO Coincident Peaks (5CP)

Monday 7/20/2020 H/E 17: 144,266 MWs
Monday 7/27/2020 H/E 17: 143,522 MWs
Thursday 7/9/2020 H/E 18: 143,207 MWs
Monday 7/6/2020 H/E 15: 141,210 MWs
Wednesday 7/29/2020 H/E 18: 140,782 MWs

The Company called upon PJM participants on all 5CP days, but on July 6 participants were called for H/E 16 to H/E 18. However, the peak for that day occurred during H/E 15. The 1CP was captured on 7/9/2020.

Kentucky Power Company
KPSC Case No. 2022-00387
Commission Staff's Post Hearing Data Requests
Dated July 21, 2023
Page 3 of 3

Kentucky Power Company 12CP

Month	Date	H/E
Jan-20	1/22/2020	8
Feb-20	2/15/2020	8
Mar-20	3/1/2020	8
Apr-20	4/11/2020	8
May-20	5/28/2020	17
Jun-20	6/10/2020	17
Jul-20	7/21/2020	17
Aug-20	8/13/2020	16
Sep-20	9/10/2020	16
Oct-20	10/31/2020	10
Nov-20	11/18/2020	8
Dec-20	12/26/2020	8
Jan-21	1/29/2021	9
Feb-21	2/8/2021	8
Mar-21	3/8/2021	8
Apr-21	4/2/2021	9
May-21	5/25/2021	17
Jun-21	6/29/2021	17
Jul-21	7/28/2021	17
Aug-21	8/24/2021	17
Sep-21	9/14/2021	17
Oct-21	10/11/2021	17
Nov-21	11/23/2021	8
Dec-21	12/23/2021	9
Jan-22	1/27/2022	8
Feb-22	2/15/2022	8
Mar-22	3/13/2022	9
Apr-22	4/20/2022	8
May-22	5/31/2022	16
Jun-22	6/16/2022	16
Jul-22	7/12/2022	16
Aug-22	8/9/2022	15
Sep-22	9/21/2022	17
Oct-22	10/20/2022	9
Nov-22	11/21/2022	8
Dec-22	12/23/2022	21

Witness: Brian K. West

Kentucky Power Company
KPSC Case No. 2022-00387
Commission Staff's Post Hearing Data Requests
Dated July 21, 2023

DATA REQUEST

**KPSC
PHDR_7**

RESPONSE

It is the Company's understanding that the text within question seven (7) is fully contained in question six (6).

Kentucky Power Company
KPSC Case No. 2022-00387
Commission Staff's Post Hearing Data Requests
Dated July 21, 2023

DATA REQUEST

KPSC State which American Electric Power entity owns the Big Sandy site.
PHDR_8

RESPONSE

Kentucky Power Company owns the Big Sandy site.

Witness: Brian K. West

Kentucky Power Company
KPSC Case No. 2022-00387
Commission Staff's Post Hearing Data Requests
Dated July 21, 2023

DATA REQUEST

**KPSC
PHDR_9** For special contracts filed under Tariff Economic Development Rider (EDR) during the last five years, to help ensure that Kentucky Power's ratepayers are held harmless in the event of EDR customer contract default, explain whether Kentucky Power has required additional security beyond established tariff requirements, related to the provision that early termination of the special contract requires the reimbursement of demand discounts.

RESPONSE

Kentucky Power has not previously required additional security beyond those in Tariff E.D.R. However, the ongoing focus by the Commission and Intervenors on the risk to ratepayers has driven discussions around what additional protections beyond those previously approved by the Commission may be desirable. The Company also believes it is prudent to require additional reasonable security from EDR customers when appropriate going forward. Additionally, conversations were initiated with one existing EDR customer concerning this type of security.

Witness: Brian K. West

Kentucky Power Company
KPSC Case No. 2022-00387
Commission Staff's Post Hearing Data Requests
Dated July 21, 2023

DATA REQUEST

KPSC Explain how often Kentucky Power recalculates customer deposits and
PHDR_10 whether the calculation is based on historic or forecasted billings.

RESPONSE

A deposit recalculation is based on historical bill data.

Kentucky Power's billing system automatically reviews deposit amounts for accounts with a past due balance or when an account is being restored after disconnection due to non-payment, to determine if the existing deposit meets two-twelfths (2/12) of the account's average bill.

Additionally, customer account managers periodically review larger accounts to determine if an adjustment is needed when changes in circumstances may not be reflected within historical data.

Lastly, the Company also recalculates deposits in accordance with 807 KAR 5:006, Section 8(1)(d)(3).

Witness: Brian K. West

Kentucky Power Company
KPSC Case No. 2022-00387
Commission Staff's Post Hearing Data Requests
Dated July 21, 2023

DATA REQUEST

KPSC Refer to Kentucky Power's Tariff EDR, Sheet No. 37-1, Terms and
PHDR_11 Conditional, Section 1. Explain how Kentucky Power has historically
implemented this provision of Tariff EDR. Include in the response how
Kentucky Power determines when "sufficient generating capacity is not
available" and the appropriate capacity purchase amount."

RESPONSE

Kentucky Power has not yet had cause to implement this provision for any current EDR customers. The Company remains capacity sufficient regarding its generation capacity obligation in PJM. This is because existing EDR customers are captured within the replacement capacity necessary for the loss of the Rockport UPA. Therefore, no incremental capacity was purchased.

For EDR customers coming online post Rockport UPA expiration, the Company will annually (during preparation of its annual tariff EDR report) determine what incremental capacity purchases were necessary for those customers based upon their inclusion in Kentucky Power's load obligation. This will be for every year in which those customers receive discounts. Should the Company determine an EDR customer required incremental capacity purchases the dollar amount to be clawed back will be based on their actual contribution to Kentucky Power's capacity obligation. The simplified formula is as follows:

MW capacity purchases necessary for the customer (determined by their contribution to the 5CP) *multiplied* by the average incremental purchase cost in \$per MW-day *less* the customer's discounted contribution towards capacity costs.

The claw-back will occur in the following twelve months on the EDR customer's bill.

Witness: Brian K. West

VERIFICATION

The undersigned, Lerah M. Kahn, being duly sworn, deposes and says she is the Regulatory Case Manager for Kentucky Power, 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.



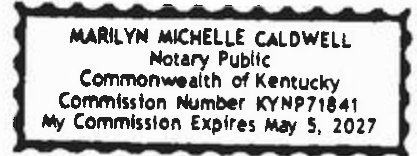
Lerah M. Kahn

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

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Lerah M. Kahn, on July 27, 2023.



Notary Public



My Commission Expires May 5, 2027

Notary ID Number KYNP71841

VERIFICATION

The undersigned, Brian K. West, being duly sworn, deposes and says he is the Vice President, Regulatory & Finance for Kentucky Power, 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 to before me, a Notary Public in and before said County and State, by Brian K. West, on July 27, 2023.


Notary Public

My Commission Expires May 5, 2027

Notary ID Number KYNP 71841