

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

<b>AN ELECTRONIC EXAMINATION</b>	)	
<b>OF THE APPLICATION OF THE FUEL</b>	)	
<b>ADJUSTMENT CLAUSE OF KENTUCKY</b>	)	<b>Case No 2023-00008</b>
<b>POWER COMPANY FROM NOVEMBER 1, 2020</b>	)	
<b>THROUGH OCTOBER 31, 2022</b>	)	

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The Attorney General of the Commonwealth of Kentucky, by his Office of Rate Intervention (“Attorney General”), and Kentucky Industrial Utility Customers (“KIUC”) provide the attached Responses to Data Requests of Kentucky Power Company (hereinafter “Kentucky Power” or “company”) which were issued on January 5, 2024.

Respectfully submitted,

RUSSELL COLEMAN  
ATTORNEY GENERAL



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*Certificate of Service and Filing*

Pursuant to the Commission's Orders and in accord with all other applicable law, Counsel certifies that, on January 16, 2024, an electronic copy of the foregoing was served via the Commission's electronic filing system.

this 16th day of January, 2024.

A handwritten signature in blue ink, appearing to read "J. Michael New". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

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Assistant Attorney General

Q.1 Provide all schedules, tables, and charts included in the testimony and exhibits to the testimony of Lane Kollen in electronic format, with formulas intact and visible, and no pasted values.

**Response:**

All electronic files were filed simultaneously with Mr. Kollen's Direct Testimony. They are available for download from the Commission's website.

Response provided by: Lane Kollen

Q.2 Provide all workpapers, source documents, and electronic spreadsheets used in the development of Mr. Kollen's testimony. The requested information, if so available, should be provided in an electronic format, with formulas intact and visible, and no pasted values.

- a. Include in your response a workpaper showing the calculations behind the \$173 million figure on page 15, line 19 of Mr. Kollen's testimony.
- b. Include in your response a workpaper showing the calculations behind the \$4.62/MWh start-up cost for the hypothetical CT on page 13 of Mr. Kollen's testimony.

**Response:**

- a. Refer to the attached Excel file.
- b. The calculation of the \$4.62 per mWh is described in Mr. Futral's Direct Testimony at 10-12. ( $\$3,000/100 \text{ mW}/6.49 \text{ Avg runtime for each start} = \$4.62/\text{mWh}$ ).

Response provided by: Lane Kollen

Q.3 If not already provided as part of your response to Data Request No. 1 or 2, please show the work of how Mr. Kollen calculated each value contained in his direct testimony such that his calculation(s) could be reproduced by the Company or the Commission if needed.

**Response:**

Refer to the responses to Items 1 and 2.

Response provided by: Lane Kollen

Q.4 Provide all schedules, tables, and charts included in the testimony and exhibits to the testimony of Randy A. Futral in electronic format, with formulas intact and visible, and no pasted values.

**Response:**

All electronic files were filed simultaneously with Mr. Futral's Direct Testimony. They are available for download from the Commission's website.

Response provided by: Randy A. Futral

Q.5 Provide all workpapers, source documents, and electronic spreadsheets used in the development of Mr. Futral's testimony. The requested information, if so available, should be provided in an electronic format, with formulas intact and visible, and no pasted values.

**Response:**

All workpapers, source documents, and electronic files were filed simultaneously with Mr. Futral's Direct Testimony. They are available for download from the Commission's website.

Response provided by: Randy A. Futral



Q.6 If not already provided as part of your response to Data Request No. 4 or 5, please show the work of how Mr. Futral calculated each value contained in his direct testimony such that his calculation(s) could be reproduced by the Company or the Commission if needed.

**Response:**

Refer to the responses to Items 1 and 2. Each set of calculations were described in detail in Mr. Futral's Direct Testimony.

Response provided by: Randy A. Futral

Q.7 Confirm whether, prior to the submission of their respective direct testimonies on December 22, 2023, Mr. Kollen and Mr. Futral had fully reviewed the Commission's October 3, 2002 Order in Case No. 2000-00495-B.

**Response:**

Yes.

Response provided by: Lane Kollen and Randy A. Futral

Q.8 Confirm that the PUE is based on a hypothetical combustion turbine and not an actual generating unit.

**Response:**

Deny. The PUE is a hypothetical generating unit based on the actual Ceredo 1 generating unit.

Response provided by: Lane Kollen and Randy A. Futral

Q.9 Please provide any and all bases for selecting 100 and 200 MW as the proposed size limit for the hypothetical combustion turbine.

**Response:**

The Ceredo CTs are approximately 90 mW each. The Company developed the PUE based on Ceredo 1, which it assumed was approximately 100 mW. Refer to the Company's response to Staff's Post-Hearing Data Request 2, Attachment 1 in Case No. 2022-00036.

Response provided by: Lane Kollen and Randy A. Futral

Q.10 Please confirm that AG-KIUC proposes that all purchased power in an hour above 100 or 200 MW in volume, respectively, be excluded from recovery through the FAC.

**Response:**

Objection. Messrs. Kollen and Futral are the witnesses responding to this question, not the AG-KIUC. Without waiving this objection, Messrs. Kollen and Futral state: Deny. This statement in the question is incorrect. Mr. Kollen and Mr. Futral recommend that the purchased power expense be segregated into economy purchases and non-economy purchases and that the purchased power expense of the non-economy purchases be limited to the economy purchased power expense calculated using the PUE for the first 100 mW or 200 mW and the highest cost coal-fired base load generating unit for the residual.

Response provided by: Counsel, Lane Kollen, and Randy A. Futral

Q.11 Please explain why AG-KIUC did not include the PUE proposals made in this case also in Case No. 2023-00159 where, if approved, the increased amount of non-FAC eligible purchased power expense could be included in the going level of base rates.

**Response:**

Objection. Mr. Kollen is the witness responding to this question, not the AG-KIUC. Without waiving this objection, Mr. Kollen states: The Commission has not issued a decision in this proceeding and will not do so prior to issuing a decision in Case 2023-00159. It would not be appropriate to presume the outcome of this proceeding or whether adjustments to the outcome are necessary for the purpose of any adjustments for non-FAC eligible purchase power expense in Case 2023-00159. Further, the Commission has a pending proceeding and investigation into various matters, including the Company's provision of adequate service and the performance of its generating units in Case 2021-00370 and a generic investigation into the fuel adjustment clause in Case 2022-00190. The outcomes of these two additional proceedings could affect adjustments to the outcome in this proceeding and could also affect other adjustments for non-FAC eligible purchased power expense included in base rates.

Response provided by: Counsel and Lane Kollen

Q.12 Please explain in detail whether, under AG-KIUC's proposal, if in an hour it is more economic to purchase all of Kentucky Power's energy requirements from the PJM spot market rather than obtain the required energy from either its owned or contracted-for generating units, all purchased power expense above the proposed 100 or 200 MW PUE limit would be excluded from recovery through the FAC.

**Response:**

Refer to the response of Messrs. Kollen and Futral to Item 10.

Response provided by: Lane Kollen and Randy A. Futral

Q.13 Refer to the sentence beginning on Line 11 of Page 5 of Kollen's testimony.

- a. Please provide a detailed explanation of and cite the source of the phrase, "the economic dispatch principles embedded in the FAC."
- b. Please identify whether "the economic dispatch principles embedded in the FAC" consider a utility's participation in a Regional Transmission Organization (RTO) such as PJM, and whether those principles address economic dispatch for an entire footprint, including a utility's service territory.

**Response:**

- a. Refer to the FAC Regulation. Refer also to Mr. Kollen's Direct Testimony at 16:5-13.
- b. Yes.

Response provided by: Lane Kollen



Q.14 Refer to the sentence on Lines 19-21 of Page 19 of Kollen's testimony.

- a. Confirm whether Mr. Kollen actually conducted any simulation of "the economic dispatch of the Company's own generation" against which to compare the modifications recommended by Mr. Kollen.
- b. If the answer to part A is confirmed, please provide all workpapers supporting the simulation. The requested information, if so available, should be provided in an electronic format, with formulas intact and visible, and no pasted values.
- c. If the answer to part A is anything other than an unqualified confirmation, please identify what information is necessary to conduct such a simulation. Include in your response whether such a simulation would be conducted on an hourly, daily, or annual basis.
- d. Please confirm whether the Company dispatches its units on average cost.

**Response:**

- a. No. However, Mr. Futral performed simplified after-the-fact economic dispatch simulations using the Company's model used for FAC filing purposes to calculate the effects of the AG-KIUC recommendations.
- b. Mr. Futral's electronic workpapers were filed simultaneously with his Direct Testimony. They are available for download from the Commission's website.
- c. The Company uses a simplified economic dispatch simulation for FAC filing purposes. It does not actually perform a detailed hourly economic dispatch on an after the fact basis for FAC filing purposes.
- d. The Company does not dispatch its generating units. It provides cost curves and pricing curves that are used by PJM to dispatch the Company's generating units.

Response provided by: Lane Kollen

Q.15 Please explain whether Mr. Futral's modified PUE calculations (the PUE calculation that Mr. Futral recommends the Commission approve instead of the currently-approved PUE calculation) include any of the following items and explain why such items were included or excluded from those calculations:

- a. Outages
- b. Deratings
- c. Interrupted gas supply
- d. Changes in net heat rate

**Response:**

Mr. Futral modified the PUE calculations used in the Company's simplified after-the-fact economic dispatch simulations for each hour in each month only to replace the start-up costs included in the PUE limitation calculation. The Company's calculations include no distinctions for the four factors identified, so Mr. Futral likewise included no distinctions for them.

Response provided by: Randy A. Futral

Q.16 For each item identified in Data Request 15, whether or not included in Mr. Futral's PUE calculation, please identify how each item would affect Mr. Futral's modified PUE calculation. Please be specific as to whether the inclusion or exclusion of each item in Mr. Futral's modified PUE calculation would reduce recovery of purchased power expenses recoverable through the FAC, increase recovery of purchased power expenses recoverable through the FAC, or have no effect, and why.

**Response:**

See response to Item 15. Mr. Futral made no such considerations similar to the PUE calculations performed by the Company. The PUE calculation performed by the Company is not modified contingent upon such considerations.

Response provided by: Randy A. Futral

Q.17 Confirm whether AG-KIUC agree that the PJM locational marginal pricing (“LMP”) is the most precise indicator of what the Company actually pays for energy purchases.

**Response:**

Objection. Mr. Kollen is the witness responding to this question, not the AG-KIUC. Without waiving this objection, Mr. Kollen states: Mr. Kollen does not know what the term “most precise indicator” means in the context of the question. PJM locational marginal pricing is the most significant factor for the cost of market energy purchases, but there are other factors, including whether the purchases were made in the real time market, in the day ahead market, through bilateral transactions, and/or whether the utility engages in hedging practices.

Response provided by: Counsel and Lane Kollen

Q.18 Confirm whether AG-KIUC proposes in this case to modify the way the PUE is calculated on a retroactive basis, or whether it proposes to modify the way the PUE is calculated only on a going-forward basis, or both.

**Response:**

Objection. Messrs. Kollen and Futral are the witnesses responding to this question, not the AG-KIUC. Without waiving this objection, Messrs. Kollen and Futral state: The Company's FAC filings are subject to review by the Commission every six months and every two years. Until those reviews are completed and an Order issued, then the FAC rates are implemented subject to the outcome of those reviews. They are not final rates and any adjustments to the Company's FAC rates are not "retroactive," but rather reflect corrections and true-ups. Mr. Kollen and Mr. Futral have identified corrections that are necessary during the two year review period to correct the Company's errors in the application of the PUE methodology. These errors resulted in excessive FAC rates during the review period. To the extent the Commission requires changes in the Company's application of the PUE methodology for the two year review period, then presumably those changes will apply to future six month and two year review periods.

Response provided by: Counsel, Lane Kollen, and Randy A. Futral