

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

ELECTRONIC APPLICATION OF KENTUCKY POWER :
COMPANY FOR (1) AN ORDER APPROVING THE TERMS :
AND CONDITIONS OF THE RENEWABLE ENERGY :
PURCHASE AGREEMENT FOR SOLAR ENERGY :
RESOURCES BETWEEN KENTUCKY POWER COMPANY :
AND BRIGHT MOUNTAIN SOLAR, LLC; (2) :
AUTHORIZATION TO ENTER INTO THE AGREEMENT; :
(3) RECOVERY OF COSTS THROUGH TARIFF P.P.A.; (4) :
APPROVAL OF ACCOUNTING PRACTICES TO ESTABLISH :
A REGULATORY ASSET; AND (5) ALL OTHER REQUIRED :
APPROVALS AND RELIEF. :

Case No 2024-00243

**INITIAL DATA REQUESTS OF THE ATTORNEY GENERAL AND KENTUCKY
INDUSTRIAL UTILITY CUSTOMERS, INC. TO
KENTUCKY POWER COMPANY**

Comes now the Attorney General of the Commonwealth of Kentucky, by his Office of Rate Intervention (“Attorney General”), and Kentucky Industrial Utility Customers, Inc. (“KIUC”) and submits these Data Requests to Kentucky Power Company (hereinafter “Kentucky Power,” or “Company”) to be answered by September 25, 2024, in accordance 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 companies receive or generate 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.

- (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 undersigned Counsel 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.

Respectfully submitted,

RUSSELL COLEMAN
ATTORNEY GENERAL



J. MICHAEL WEST
LAWRENCE W. COOK
ANGELA M. GOAD
JOHN G. HORNE II
ASSISTANT ATTORNEYS GENERAL
1024 CAPITAL CENTER DRIVE, SUITE 200
FRANKFORT, KY40601-8204
PHONE: (502) 696-5433
FAX: (502) 564-2698
Michael.West@ky.gov
Larry.Cook@ky.gov
Angela.Goad@ky.gov
John.Horne@ky.gov

/s/ Michael L. Kurtz

Michael L. Kurtz, Esq.
Jody Kyler Cohn, Esq.
BOEHM, KURTZ & LOWRY
36 East Seventh Street, Suite 1510
Cincinnati, Ohio 45202
Ph: 513.421.2255 Fax: 513.421.2764
mkurtz@BKLawfirm.com
jkylercohn@BKLawfirm.com

**COUNSEL FOR KENTUCKY INDUSTRIAL
UTILITY CUSTOMERS, INC.**

September 11, 2024

ELECTRONIC APPLICATION OF KENTUCKY POWER COMPANY FOR (1) AN ORDER APPROVING THE TERMS AND CONDITIONS OF THE RENEWABLE ENERGY PURCHASE AGREEMENT FOR SOLAR ENERGY RESOURCES BETWEEN KENTUCKY POWER COMPANY AND BRIGHT MOUNTAIN SOLAR, LLC; (2) AUTHORIZATION TO ENTER INTO THE AGREEMENT; (3) RECOVERY OF COSTS THROUGH TARIFF P.P.A.; (4) APPROVAL OF ACCOUNTING PRACTICES TO ESTABLISH A REGULATORY ASSET; AND (5) ALL OTHER REQUIRED APPROVALS AND RELIEF
Case No. 2024-00243

INITIAL DATA REQUESTS OF ATTORNEY GENERAL AND KIUC

- Q.1. Provide copies of all proposals submitted in response to the three RFPs issued on September 22, 2023 and all correspondence to and from Kentucky Power related to those proposals.
- Q.2. See Testimony of Wolfram at page 4, line 18 through page 5, line 2. See also Testimony of Wolfram at page 8, line 15 through page 9, line 5. Confirm that the REPA is necessary, at least in part, to offset the loss of the projected loss of the Mitchell Generating Unit capacity in 2028. If confirmed, then provide a more detailed explanation as to how the REPA will replace the Mitchell capacity in 2028, including how the Company plans to dispatch the REPA to meet its base load and peaking load requirements.
- Q.3. See Testimony of Coon at page 5, line 4-5, where it states, “the REPA is a fixed-cost hedge on commodity price swings experienced by fossil generators.” See also Testimony of Wolfram at page 9, lines 6-9.
- a. Given that it seems to be fairly common for renewable developers to demand renegotiation of revenues to be received under purchased power agreements (for example, see Case No. 2022-00296, *Electronic Application of Big Rivers Electric Corporation for approval of amendment to Power Purchase Agreement*), discuss to what extent the costs under the REPA can accurately be described as “fixed”? Further, include in this discussion an analysis of all terms of the REPA protecting the Company and ratepayers from similar attempts to renegotiate payments and from default on the agreement entirely.
 - b. Identify and describe all risks assumed by the Company, including, but not limited to, increased pricing beyond the fixed pricing reflected in the contract due to increased capital expenditures and/or other factors, physical and financial losses due to weather or other catastrophic event, and PJM performance penalties.
 - c. Confirm that the “hedge” may be in or out of the money depending on the PJM energy market pricing and/or the Company’s variable cost of other generation and purchase contracts.
- Q.4. See Testimony of Wolfram at page 6, lines, “Proposals that met the Eligibility and Threshold Requirements underwent a detailed analysis that considered a variety of

factors including the economic modeling of energy and capacity and other non-price factors. The scoring criteria used in the economic modeling, specifically as it related to some of the non-price factors, was set based on direction provided by Kentucky Power leadership.”

- a. Provide a copy of the scoring criteria in its entirety, specifically including the “non-price factors” that were set based on the direction provided by AEP and/or Kentucky Power management.
- b. Provide a detailed description and the specifics of the quantifications where the criteria were calculated metrics and the specifics of the qualitative factors where the criteria were not calculated metrics.
- c. Provide a copy of all communications related to Kentucky Power leadership’s direction on these non-price factors.

Q.5. Refer to the Direct Testimony of Witness Yetzer at 2 wherein he states: “My primary responsibilities include obtaining direction from AEP’s operating companies, including Kentucky Power, drafting RFPs on their behalf, and managing the RFP process which includes the processing of proposals, providing input for the economic analysis, leading due diligence activities, and negotiation of the associated agreements.

- a. Provide a copy of all “direction” received from Kentucky Power Company as to the scope of the RFP (“all resource RFP”), the evaluation of the bids received, and the rejection of all [REDACTED] resource bids.
- b. Provide a copy of all “direction” received from AEP as to the scope of the RFP (“all resource RFP”), the evaluation of the bids received, and the rejection of all [REDACTED] resource bids.
- c. Provide a copy of all analyses, studies, correspondence, and all other “direction” and/or documentation provided by either AEP or Kentucky Power Company that led to the conclusion that all [REDACTED] resource bids should be rejected and communicated the decision to do so to the bid evaluation teams.
- d. Identify the specific individuals by name, position, and entity that made the decision to reject all [REDACTED] resource bids.

Q.6. See Testimony of Wolfram at page 13, lines 8-11. Discuss whether the REPA was compared to any alternative proposal which utilized non-renewable resources such as coal or natural gas generation resources. If such a comparison took place, discuss how the company accounted for the technical differences (specifically the intermittent nature of renewable generating resources) when determining a value for traditional and renewable resources respectively.

Q.7. See Testimony of Yetzer at page 9. Confirm that comparisons based on LANCOE and LANCOG fail to accurately value the differences in functionality between traditional and renewable resources. If this assertion is not confirmed, provide all available support for the witness’s position.

- Q.8. See Testimony of Yetzer at page 9, at lines 11-17. There is the potential that Avangrid, and the energy industry as a whole, may experience development challenges due to future raw material, labor, supply chain, interconnection, and equipment availability and uncertainty during the period in which the Company is seeking regulatory approval with this Commission. These challenges, if realized, could have an economic impact on the project.
- a. Describe specifically how these challenges “could have an economic impact on the project.”
 - b. Describe all ways Kentucky “mitigated these risks.”
 - c. Specifically describe Kentucky Power’s rights (related to both enforcement of the contract generally and to specific pricing) under the REPA in the pre-construction, construction, and post-construction/operation phases of the project respectively, detailing whether Kentucky Power’s rights vary as the project proceeds through those phases.
- Q.9. Provide a copy of all correspondence between the Company and either Bright Mountain Solar, LLC and/or Avangrid Renewables, LLC in regards to the Bright Mountain Solar REPA. The request includes copies of all letters, memos, emails, and/or other written communications between the two parties after the issuance of the RFP by the Company until the present.
- Q.10. Refer to the Application at page 5 and to the Direct Testimony of Witness Wolfram at page 4, line 18, in reference to the 2022 IRP.
- a. Provide copy of the confidential version of the 2022 IRP filing.
 - b. Provide a copy of the workpapers and assumptions supporting the generic resource modeling for the 2022 IRP. This should include details for the capital costs, O&M costs, and the operational parameters (generation profile, heat rate, etc.) of the modeled generic resources (Specifically, the solar and combustion turbine resources).
- Q.11. Refer to the Direct Testimony of Witness Yetzer at page 8, which describes the economic analysis conducted for each proposal included in the RFP.
- a. Provide a copy of the economic and other evaluations, including all scorecard results for each such evaluation, for each of the bids received in response to the Company’s RFP. Indicate which of the bids were considered “viable,” meaning, at a minimum, the bidder met the requirements set forth in the RFP, the bid was compliant with the RFP requirements, and the bidder was deemed able to provide the resource offered in the bid, along with the required transmission to ensure deliverability.
 - b. Provide the economic analysis, in electronic format with all formulas intact, conducted for the Bright Mountain Solar REPA as well as the detailed workpapers and supporting assumptions, including, but not limited to:
 - i. bid price;
 - ii. term length;

- iii. transmission congestion;
- iv. line loss estimates;
- v. variable fuel, purchased power, and other variable operation and maintenance supply expense for non-renewable resources or savings in variable operating expenses for renewable resources;
- vi. dispatch assumptions;
- vii. capacity and/or other fixed costs for owned resources or savings from avoided fixed costs under purchase
- viii. emissions or avoided emissions:
- ix. estimated annual energy production;
- x. Renewable Energy Credits (“REC”); and
- xi. accounting assumptions regarding lease accounting
- xii. credit rating assumptions regarding debt imputation

Q.12. Refer to Exhibit ZMY-1 at page 32 and Items 2.2 and Item 2.3 under the heading entitled 2. Overview of RFP (from the Thermal and Wind RFP). Item 2.2 seeks capacity, energy, and ancillary services from produced by a natural gas or coal resource. Explain in detail why Item 2.3 precludes any affiliate of AEP and/or Kentucky Power Company from participating in the RFP and bidding in its natural gas or coal resources, including Wheeling Power Company potentially bidding in its coal resources.

Q.13. Refer to the Direct Testimony of Witness Yetzer at page 8, lines 19-24, which describes the price scores derived for each proposal in the RFP. Provide the workpapers, assumptions, and calculations for the project in electronic spreadsheet format with all formulas intact that were inputs and/or used in any manner to calculate the following:

- a. Levelized Adjusted Net Cost of Energy (LANCOE);
- b. Levelized Adjusted Net Cost of Capacity (LANCOC); and
- c. Value to Cost (V/C) Ratio.

Q.14. Refer to the Direct Testimony of Witness Yetzer at page 11, which states, “Avangrid will transfer the capacity and RECs directly to Kentucky Power and will bid the energy from the Project into the PJM market.”

- a. Did KPCO consider only contracting for capacity and energy products, allowing Avangrid to retain REC risks? Explain.
- b. Provide the workpapers and assumptions associated with the REC, capacity, and energy values calculated for the project as part of the RFP evaluation. The workpapers should be in live Excel format with all formulas intact.

Q.15. Refer to the Direct Testimony of Witness Coon at page 4, lines 20-26, which states, “REC Revenues - The proposed renewable generator will generate one REC for each MWh of

renewable energy produced and those RECs will be transferred to the Company. This calculation is the product the RECs generated by the Project and the forecasted REC market price. These RECs could be monetized in various REC markets or used to fulfill the Company's obligations, if any, under Rider R.P.O. (Renewable Power Option Rider)."

- a. Explain how the Company derived the REC market price assumptions.
- b. Provide the forecasted REC revenue assumptions (\$/MWh) assumed for each year of the delivery period.
- c. Provide all industry documentation, memos, and research in the Company's possession forecasting REC pricing consistent with any part of the delivery period.
- d. What REC market(s) does the Company assume the REC would be monetized in?
- e. Explain how the Company expects to use RECs to fulfill the Company's obligations. Explain if the Company will assume responsibility for the REC revenue forecast assumed.
- f. Provide historic price and project data demonstrating that Kentucky sited solar projects generated RECs and successfully monetized those RECs in PJM and/or other markets.

Q.16. Refer to Witness Yetzer Exhibit ZMY-4 (CONF).

- a. Provide the name, position, and employer of the person(s) who identified and redacted the confidential provisions of this exhibit. Provide the guidelines used for the redactions.
- b. Explain why any provision of the contract between the Company and Bright Mountain should be confidential and redacted.

Q.17. Refer to Witness Yetzer Exhibit ZMY-3 (CONF).

- a. Provide the workpapers and analysis deriving the scores for the Bright Mountain Solar REPA consistent with the RFP evaluation. The workpapers should be in electronic spreadsheet format with all formulas intact.
- b. Provide the workpapers and analysis deriving the scores for the projects ranked [REDACTED] resources consistent with the RFP evaluation. Workpapers should be in live Excel format with all formulas intact.
- c. Provide the workpapers and analysis deriving the scores for the projects ranked [REDACTED] consistent with the RFP evaluation. Workpapers should be in live Excel format with all formulas intact.
- d. Provide the name, position, and employer of the person(s) who identified and redacted the confidential provisions of this exhibit. Provide the guidelines used for the redactions.

Q.18. Refer to Witness Yetzer Exhibit ZMY-2 (CONF) at page 19, which states, "[REDACTED]"

- [REDACTED]
- [REDACTED]
- a. [REDACTED] If not confirmed, explain.
- b. Explain the Company's process for evaluating the pending evaluation of the feasibility of [REDACTED] resources. In other words, what steps are anticipated in making the assessment?
- c. Provide a status update on the pending evaluation of the feasibility of [REDACTED] resources.
- d. Explain why the Company should proceed at this time with the Bright Mountain REPA prior to completion of the feasibility of [REDACTED] resources.
- e. Confirm that CRA did not provide an opinion in support of or against the Company's decision to reject all [REDACTED] resource bids. If denied, then provide a copy of all documentation, including, but not limited to, studies, analyses, and correspondence in which it addressed the rejection of all [REDACTED] resource bids.
- f. Explain in detail why Witness Yetzer fails to address the fact AEP and/or the Company decided to reject all [REDACTED] resource bids.
- g. Explain in detail why the Company failed to publicly disclose in the Application or any public Witness testimony the fact AEP and/or the Company decided to reject all [REDACTED] resource bids. Why does the Company consider that fact to be secret.
- h. Confirm that the Company informed the bidders of [REDACTED] resources that it rejected their bids. Confirm that information is not confidential or secret.
- i. Provide the name, position, and employer of the person(s) who identified and redacted the confidential provisions of this exhibit. Provide the guidelines used for the redactions.
- j. Explain why any provision of the CRA Report should be considered confidential and redacted.

Q.19. Refer to the Direct Testimony of Witness Coon at page 4, which describes the calculated benefits associated with the Bright Mountain Solar REPA. Provide the analysis and workpapers supporting the Company's calculated benefits for each of the following in electronic spreadsheet format with all formulas intact:

- a. Energy – \$42.57 million NPV benefits;
- b. Capacity - \$2.06 million NPV benefits; and
- c. RECs - \$42.58 million NPV benefits.

Q.20. Refer to the Direct Testimony of Witness Coon at page 4, lines 6-9, which states, "Kentucky Power will receive the net revenue from the sale of energy from the Project at the applicable PJM LMP node. This calculation is the product of the MWhs of generation from the project and the forecasted LMP."

- a. Provide the hourly generation profile expected from the “Project” in electronic spreadsheet format with all formulas intact.
- b. Provide the hourly LMP forecast for the applicable PJM LMP node in electronic spreadsheet format with all formulas intact.
- c. Explain how the LMP forecast is derived and provide all documentation supporting the methodology and intended use of the forecast.
- d. Provide the associated gas price forecast for the same forecasted period in electronic spreadsheet format with all formulas intact.
- e. Explain whether the assumed generation profiles and LMPs assumed for the economic evaluation is consistent with the generation profiles and LMPs assumed in the RFP evaluation. If not, explain why not.

Q.21. Refer to the Direct Testimony of Witness Coon at page 4, lines 12-18, which states, “Transmission level market facing resources will act as capacity resources in PJM and will be included in the Company’s Fixed Resource Requirement (FRR) plan and as such, the resulting unforced capacity (UCAP) has a value. This calculation is the product of the project’s installed capacity (“ICAP”), the effective load carrying capability (“ELCC”) percentage for fixed tilt solar resources, and the forecasted cost of capacity.”

- a. Provide the forecasted unforced capacity (UCAP) associated with the Project.
- b. Provide the forecasted installed capacity (ICAP) associated with the Project.
- c. Provide the forecasted ELCC associated with the Project.
- d. Provide all supporting documentation for the assumed ELCC value.
- e. Provide all supporting documentation for the forecasted cost of capacity and all supporting calculations or sources relied on for this purpose.
- f. Provide all supporting documentation for the forecasted capacity value pursuant to the BRA process in PJM and/or all other relevant forecasted capacity values.
- g. Explain whether the assumed UCAP, ICAP, or ELCC assumed for the economic evaluation is consistent with the UCAP, ICAP, and ELCC assumed in the RFP evaluation. If not, explain why not.

Q.22. Refer to the Direct Testimony of Witness Coon at page 5, Figure NMC-1, which describes the rate impact on customers.

- a. Provide the workpapers and calculations used to derive this Figure in live Excel format with all formulas intact.
- b. Provide the analysis for the entire delivery period in electronic spreadsheet format in live Excel format with all formulas intact.

Q.23. Refer to the Direct Testimony of Witness Wolfram at page 16 in reference to the \$0.9 million in development costs for which the Company seeks to defer and establish as a regulatory asset. Provide a list of all costs summing to the \$0.9 million that the Company seeks to defer.

- Q.24. Provide a list and description of each planned maintenance outage and each forced outage separately for Mitchell 1, Mitchell 2, and Big Sandy 1 by hour in chronological order from January 2023 through the end of the most recent month in 2024 for which actual information is available.
- Q.25. For each month from January 2023 through the most recent month in 2024 for which actual information is available, provide the actual monthly net capacity factors and equivalent availability factors separately for Mitchell 1, Mitchell 2, and Big Sandy 1.
- Q.26. For each month from January 2023 through the most recent month 2024 for which actual information is available, provide a detailed description of the mWs available, the hourly cost curves, and hourly pricing curves submitted to PJM for dispatch purposes each of the Mitchell units and Big Sandy 1. For each hour in which the capacity of the unit was deemed not available or derated, provide a detailed explanation why the unit was not available or not available at its nameplate capacity. For each hour in which the Company submitted a pricing curve with a discount or premium to the cost curve for that hour, provide a detailed explanation why the Company incorporated a discount or premium for that hour.
- Q.27. For each month January 2023 through the most recent month in 2024 for which actual information is available, provide the monthly supporting peaking unit equivalent calculations reflected in the Company's fuel adjustment clause tariff filings in live Excel spreadsheet format with all formulas, columns, and rows unprotected and visible supporting the forced outage calculations. In addition, provide the corresponding amount, if any, of forced outage purchased power expense collected through the purchase power adjustment tariff.