

**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

**DATA REQUEST RESPONSES 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 Response to Data Requests of Kentucky Power Company filed on November 15, 2024.

Respectfully submitted,

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UTILITY CUSTOMERS, INC.**

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

DATA REQUESTS RESPONSES OF ATTORNEY GENERAL AND KIUC

1. Please 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

Mr. Kollen had no schedules, tables, or charts included in his testimony or exhibits.

Response provided by: Lane Kollen

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

Response

Mr. Kollen did not independently develop any workpapers or electronic spreadsheets for his testimony. Mr. Kollen relied on the Company's Application, witness testimonies and exhibits, responses to discovery, Tariff R.P.O., Tariff P.P.A., and the record in Case 2023-00159, the Company's most recent base rate case proceeding. These were developed by the Company and AEP and are already in the possession of the Company.

Response provided by: Lane Kollen

3. Refer to Mr. Kollen's Direct Testimony at 10-11. Please describe in detail all facts relied upon to support Mr. Kollen's assertion that the Commission should not authorize the Company to defer the costs of internal resource support because "[t]he costs of internal resource support are already included in the base revenue requirement and are not eligible for deferral and a second recovery in a future base rate case proceeding."

Response

It has been the Company's historic practice not to seek recovery of internal support costs in its request for rate case expense recovery. Refer to the Company's supplemental response to Staff 1-39 in Case 2023-00159, which provides a listing of estimated and actual rate case expenses. The Company did not include internal support costs in its request in that proceeding, which is consistent with its practice in prior rate case proceedings. The reason for excluding internal support costs in its request to defer rate case expenses is that the internal support costs are test year expenses already included in the base revenue requirement in the form of APSC affiliate charges and the Company's own normalized payroll expenses, other payroll-related expenses, other employee welfare, pension, OPEB expenses, and other expenses, and are not incremental expenses.

Response provided by: Lane Kollen

4. Refer to Mr. Kollen's Direct Testimony at 11. Please describe in detail all facts relied upon to support Mr. Kollen's assertion that the Commission should not authorize the Company to defer the costs of outside services because "[t]he costs of outside services already are included in the base revenue requirement."

Response

Refer to Kollen Direct at 11. The Company is allocated a share of AEPSC's planning and other costs, and incurs its own costs, including the cost of outside services, for accounting and ratemaking purposes. The Company has provided no evidence that the cost of the outside services for assistance in this matter were incremental to the costs for outside services already recovered in its base rates. The specific outside services and costs vary from year to year in the normal course of business. There is no true-up for the actual costs incurred compared to the costs included in its base rates. As long as the total for such costs does not exceed the costs included in the base revenue requirement, then the Company has not incurred an "incremental cost" by definition. It is not sufficient to simply identify a cost incurred for a specific purpose, the Company also must prove the cost was incremental to the total outside services costs included in the base revenue requirement. It has made no attempt to do so. It cannot simply make that assumption or assertion. To illustrate why this is important, assume the Company included \$3.100 million in outside services expense in the base revenue requirement in its last rate case, including costs from AEPSC and costs that it incurred directly. Assume further that the Company incurred only \$2.700 million in outside services expense in the most recent 12 month period, including \$0.150 million in costs to issue the RFPs, evaluate the offers, negotiate a contract, and then pursue approval. Rather clearly, the Company has not incurred an incremental cost that is not already recovered in the aggregate outside services included in the base rates.

The Company bears the burden to support its request and has failed to demonstrate that the costs for this matter, together with all other outside services costs, exceed the costs already recovered in base rates. However, even if it met that foundational burden, the costs still are not material nor volatile and incapable of reasonable estimation for recovery in the base revenue requirement, the two other standards applied by the Commission in reviewing requests for deferral of costs to a regulatory asset and future recovery of the regulatory asset. These standards provide a necessary protection to customers not only against double recovery of costs, but also are consistent with the Commission's historic unwillingness to allow deferral of abnormally high base revenues due to abnormally cold temperatures in the heating months and abnormally warm temperatures in the cooling months. In other words, if the Commission were to allow recovery of the outside services costs requested in this proceeding, in essence a form of true-up, then consistency suggests that the Commission should true-up base revenues as well, which it historically has rejected.

Response provided by: Lane Kollen

5. Please provide all schedules, tables, and charts included in the testimony and exhibits to the testimony of Leah J. Wellborn in electronic format, with formulas intact and visible, and no pasted values.

Response

See attachment "WP_LJW_Direct_2024-00243_REPA_CONFIDENTIAL.xlsx"

Response provided by: Leah Wellborn

6. Please provide all workpapers, source documents, and electronic spreadsheets used in the development of the testimony of Ms. Wellborn. The requested information, if so available, should be provided in an electronic format, with formulas intact and visible, and no pasted values.

Response

See attachment provided in response to 5. See also source document information referenced in footnotes to data responses and information available publicly by web address.

Response provided by: Leah Wellborn

7. If not provided in response to Data Request 6, please provide all workpapers, source documents, and electronic spreadsheets used in the development of each of the sensitivity analyses of the proposed REPA discussed in the testimony of Ms. Wellborn. The requested information, if so available, should be provided in an electronic format, with formulas intact and visible, and no pasted values.

Response

See attachment provided in response to 5.

Response provided by: Leah Wellborn

8. Refer to Ms. Wellborn's Direct Testimony at 11. Please describe in detail all facts relied upon to support Ms. Wellborn's assertion that if the Company "contracted for the capacity and energy alone" this would result in lower pricing.

Response

Ms. Wellborn asserts that "The Company could have contracted for the capacity and energy alone, allowing the developer to retain and monetize the REC value,¹ in exchange for lower pricing." A contract for only a portion of the available product (excluding RECs) would not be negotiated to an equal to or higher price than the contract negotiated for the full REC-inclusive product.

Response provided by: Leah Wellborn

¹ Company data response to AG/KIUC 2-8(b).

AFFIDAVIT

STATE OF GEORGIA)


COUNTY OF FULTON)

LEAH J. WELLBORN, being duly sworn, deposes and states: that the attached is her sworn testimony and that the statements contained are true and correct to the best of her knowledge, information and belief.



Leah J. Wellborn

Sworn to and subscribed before me on this
26th day of November 2024.



Notary Public

Jessica K Inman
NOTARY PUBLIC
Cherokee County, GEORGIA
My Commission Expires 07/31/2027

AFFIDAVIT

STATE OF GEORGIA)

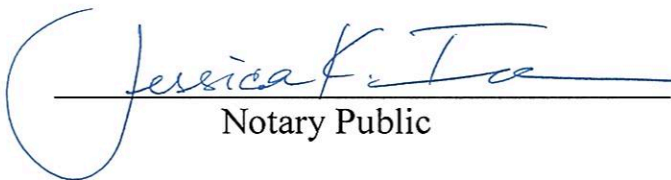
COUNTY OF FULTON)

LANE KOLLEN, being duly sworn, deposes and states: that the attached is his sworn testimony and that the statements contained are true and correct to the best of his knowledge, information and belief.



Lane Kollen

Sworn to and subscribed before me on this
26th day of November 2024.



Notary Public

Jessica K Inman
NOTARY PUBLIC
Cherokee County, GEORGIA
My Commission Expires 07/31/2027