

**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

**SUPPLEMENTAL 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 October 23, 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,

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October 9, 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

SUPPLEMENTAL DATA REQUESTS OF ATTORNEY GENERAL AND KIUC

- Q.1. Refer to the Company's response to AG-KIUC 1-3 wherein it states: "While there is a potential risk the Developer could ask for renegotiation of the Contract Rate, the Company has taken several steps to mitigate this risk."
- a. Indicate if the Company is required to or otherwise would seek and obtain approval from the Commission of a renegotiated Contract Rate and/or any other amendments or revisions to the REPA as filed in this proceeding. If so, then describe when and how the Company would seek and obtain approval from the Commission before the Seller proceeds with project development. If not, then explain why the Company would not seek and obtain approval from the Commission. Provide all support relied on for your response.
 - b. Confirm that an increase in the Contract Rate will increase the annual nominal and cumulative net present value harm to customers in the form of a greater rate increase impacts than shown in the Company's forecasts in this proceeding, all else equal.
- Q.2. Refer to the Direct Testimony of Nicole Coon at 4-5 wherein she states: "The REPA is a part of the Company's least-cost, reasonable resource solution resulting from a competitive request for proposals, as described by Company Witness Yetzer." Confirm there are thermal resources that were ranked lower cost resource solutions resulting from the competitive RFPs compared to the Bright Mountain REPA.
- Q.3. Refer to the Company's response to AG-KIUC 1-4, which sought information on the non-price factors considered by the Company in its evaluation of the thermal and non-thermal resource offers in response to the three RFPs and the direction provided by Kentucky Power Company regarding the non-price factors. One of the non-price factors was the exclusion of all thermal resources from the shortlist, according to the Charles River Associates ("CRA") Report, provided in Public Exhibit ZMY-2 at 19, which states: "No thermal resources were shortlisted due to the volatile regulatory environment related to carbon emissions."

- a. Confirm that the referenced statement in the CRA Report is accurate. If confirmed, then describe how CRA was informed of this AEP/Kentucky Power Company decision to exclude the thermal resources from the shortlist.
- b. Describe and provide a copy of CRA's independent assessment of AEP/Kentucky Power Company's decision to exclude all thermal resources from the shortlist prior to the submission of the CRA Report provided by the Company as Public Exhibit ZMY-2 and Confidential Exhibit ZMY-2. If CRA did not perform an independent assessment of AEP/Kentucky Power Company's decision to exclude all thermal resources from the shortlist prior to the submission of the CRA Report, then explain why it did not do so.

Q.4. Refer to Company response to AG-KIUC 1-5 and AG-KIUC 1-18 which assert the Company has not made a decision to reject all thermal resource bids, yet Charles River Associates ("CRA") states in Public Exhibit ZMY-2 at 19 that: "No thermal resources were shortlisted due to the volatile regulatory environment related to carbon emissions. AEP is still evaluating the feasibility of the received proposals under the new EPA carbon pollution standards."

- a. Please reconcile the statement that "no thermal bids were shortlisted" to the statement "the Company has not made the decision to reject all thermal resource bids." Address the fact that the Bright Mountain REPA was shortlisted and the fact the Company now seeks a CPCN in this proceeding solely for that resource despite its relative scorecard ranking against the thermal resource offers and why those two facts do not constitute a decision to exclude all thermal resources from consideration by the Company and the Commission at this time and in this proceeding.
- b. Confirm the Company did not enter into commercial negotiations with any of the bidders who offered thermal resources. If denied, then provide a detailed description of the commercial negotiations with each bidder whose offer was deemed viable and why the negotiations with each such bidder were unsuccessful.
- c. Explain why the Commission should approve the Bright Mountain REPA when there are existing and presently operating thermal resources that were offered in response to the thermal resource RFP, [REDACTED] of which AEP/Kentucky Power Company ranked [REDACTED] than the Bright Mountain REPA.
- d. Explain why the Company issued an RFP specifically for thermal resources.
- e. Explain why the Company issued RFPs solely for PPAs and not for build transfer own assets.
- f. Has the Company contemplated any RFPs for build-transfer own agreements? Please explain.

Q.5. Refer to the Direct Testimony of Zachary Yetzer at 5 where he states: “CRA provided an independent assessment of Kentucky Power’s 2023 All Source RFP, and the results of that assessment are included as Confidential Exhibit ZMY-2 to my testimony.”

- a. Confirm that the Company received offers for [REDACTED] resources that were lower cost and ranked higher overall than the Bright Mountain REPA. In addition, confirm that neither Witness Yetzer nor Witness Wolfram noted this fact anywhere in their testimonies. If confirmed, then provide all reasons why Witness Yetzer and Witness Wolfram failed to note this fact anywhere in their testimony.
- b. Refer to Public Exhibit ZMY-2 at 16 wherein Charles Rivers Associates states in its report that “No thermal resources were shortlisted due to the volatile regulatory environment related to carbon emissions. AEP is still evaluating the feasibility of the received proposals under the new EPA carbon pollution standards.”
 - i. Confirm that AEP/Kentucky Power Company made the decision to exclude all thermal resource offers from the shortlist even if they were lower cost and ranked higher than the Bright Mountain REPA. Confirm that CRA did not make this decision.
 - ii. Identify each of the specific decision makers (name, employer, position, job and decision-making responsibilities) at AEP/Kentucky Power Company who made this decision and the role of each decision maker in the decision to exclude all thermal resource offers from the shortlist.
 - iii. Indicate when AEP/Kentucky Power Company made the decision to exclude all thermal resource offers from the shortlist and if that decision was made prior to the issuance of the thermal resource RFP or after the thermal resource offers were received. If the latter, identify all triggering carbon emission standards or concerns that were enacted after the issuance of the thermal resource RFP. Provide a copy of all communications, notes, studies, and analyses that address the exclusion of all thermal resources from the shortlist.
 - iv. Indicate what role CRA played in advising AEP/Kentucky Power Company to exclude all thermal resources from the shortlist or if AEP/Kentucky Power Company made this decision without the advice or concurrence of CRA.

Q.6. Refer to Company response to AG_KIUC 1-15 and KPSC 1-9 regarding the applicability of PJM located project generated Renewable Energy Certificates (“RECs”) for monetization into the Virginia and Pennsylvania markets.

- a. Confirm that the use of the Generation Attribution Tracking System (GATS) allows for the tracking and recording of characteristic data of generators in PJM footprint, but not the matching of buyers and sellers beyond the “bulletin board” function.

- b. Explain how the Company expects to monetize the RECs. Will it use the GATs bulletin board function, use a third party brokerage platform, or directly contract with off takers?
- c. Confirm that the Pennsylvania REC markets are bilateral and do not include a clearing mechanism to match sellers and buyers. If denied, provide all market documentation and descriptions supporting the clearing price process.
- d. Confirm that the Virginia REC markets are bilateral and do not include a clearing mechanism to match sellers and buyers. If denied, provide all market documentation and descriptions supporting the clearing price process.
- e. Provide all documents and research in AEP/Kentucky Power Company's possession regarding evaluation and eligibility of Kentucky Solar project RECs for monetization in Pennsylvania. Specifically, provide any and all analysis of Pennsylvania Act 40 dated October 30, 2017.
- f. Has the Company identified a counterparty off taker for the RECs associated with the Bright Mountain REPA in Pennsylvania and/or Virginia Markets? If so, please explain. If not, explain when it would expect these transactions to be negotiated. Explain if the RECs will only be monetized after creation and the expected timeline for such monetization (e.g. annually).

Q.7. Refer to Company response and KPSC 1_9_ConfidentialAttachment2.xlsx

- a. [REDACTED]
- b. Provide a narrative discussion regarding the derivation of the [REDACTED]
- c. Provide a narrative discussion regarding the derivation of the [REDACTED]
- d. Provide a narrative discussion regarding the derivation of the [REDACTED]
- e. Explain if the Company expects increases in renewable generation to coincide with increase in Renewable Portfolio Standard (RPS) targets. Could increases in renewable generation to meet RPS targets increase the supply of RECs available in the market and result in decreased REC values?

Q.8. Refer to Company response to AG_KIUC 1_14.

- a. Is the Company aware of any long-term REC contract processes and/or financial products available to utilities and/or developers to reduce risk of REC pricing? Explain.
- b. Confirm that it is possible to transact and/or contract the energy portion of a project's output separate from the renewable attributes of a project (RECs).

Q.9. Refer to "KPCO_R_AG_KIUC_1_15_Attachment1" and the historical REC data provided S&P Capital IQ.

- a. Provide all documentation, memos, narratives, and definitions from S&P describing the definitions used to determine these indices and the assignment of costs for each state, TIER, and indication of solar vs. non-solar REC attributes.
- b. Provide the associated market volumes assumed for each of these trade indices data points if applicable. If these indices are derived based on fundamental forecasts, provide all documentation used to support the methodology for their derivation.

Q.10. Refer to Company response to AG_KIUC_1-15(e) that states, "The RECs generated by the project can be used to fulfill the needs of the Company's obligations under Rider R.P. O. Rider R.P.O. gives customers the option to offset their usage with RECs that are procured by the Company. Kentucky Power would be able to use the RECs generated through the Project to fulfill this offering to customers."

- a. Confirm that the Tariff R.P.O. Option A rate is \$0.50 per kWh for solar RECs, which is equivalent to \$5.00 per MWh.
- b. Confirm that the Tariff R.P.O. Option A rate values the Bright Mountain REPA RECs at \$5.00 per MWh to the extent the Company uses "the RECs generated through the Project to fulfill this offering to customers."
- c. Confirm the modeled expected REC benefits are computed assuming a REC price ranging from \$34-35/MWh.
- d. Confirm that Tariff R.P.O. Option A is a voluntary program and customers may terminate within 30 days after the Company notices customers of a rate change.
- e. Provide a monthly history of the number of RECs transferred to customers through Tariff R.P.O. Option A subscriptions from the first effective date of Tariff R.P.O. to the most current month for which actual data is available, the price per month for each 100 kWh block in each of those months; the revenues received pursuant to this rate; the number of RECs acquired by the Company externally to supply these subscriptions by source and the price on average that month paid to each source; the number of RECs acquired through PPAs or REPAs used to supply these subscriptions whereby the RECs were transferred from the seller to the Company by source and the price on average that month paid to each source; and the number

of RECs used to supply these subscriptions obtained due to the Company's owned or contracted generation by source (generating unit).

- f. Provide the source of and support for the \$0.50 per month per 100 kWh block presently reflected in Tariff R.P.O. Option A.
- g. Explain how the Company would expect to use Tariff R.P.O. to help reduce risk of REC monetization if the price of Tariff R.P.O. would value the RECs at only \$5/mWh.
- h. Why didn't the Company use a projection of \$5/mWh for REC value in the economic analysis supporting the REPA if it plans to use Tariff R.P.O. as a backstop to monetizing the RECs in VA and PA? Explain.

Q.11. The Company states that the development costs it seeks authorization to defer "include expenses the Company incurred related to internal resource support and outside services that are reasonable and necessary to develop and finalize the REPA, and obtain to approval," according to the Company's Application at 10.

- a. Provide a list of the internal and external costs separated into incremental and non-incremental cost categories and the estimated amounts for each cost and category. Also provide all support for the estimated costs.
- b. For those internal costs identified as incremental on the list provided in response to part (a) of this question, provide all support for the conclusion they are incremental and all criteria used to make that determination.

Q.12. Refer to KPCO_R_KPSC_1_7_PublicAttachment1.xlsx.

- a. Why aren't RECs expected to be monetized in 2027 and 2028? Explain.
- b. Confirm that Witness Coons describes a present value of \$87.202 million in benefits, but fails to describe the \$101.805 million in present value costs, resulting in a net present value harm of \$14.604 million over the 15-year contract period.
- c. Confirm that the costs of the project exceed the benefits in every year of the 15-year contract period.

Q.13. Confirm it is the Company's intent to include all costs and benefits of the REPA in Tariff P.P.A., except for the effects of the energy expense savings (avoided energy expenses), which it plans to reflect in the FAC. If this is not correct, then provide a detailed description as to the form of recovery and/or credits through each of the Company's tariffs.