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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE
PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF

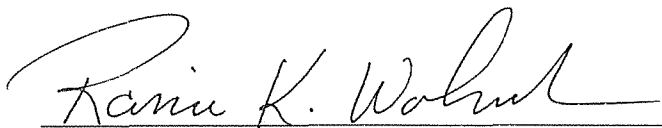
APPLICATION OF KENTUCKY POWER COMPANY)
TO WITHDRAW ITS TARIFF RTP PENDING)
SUBMISSION BY THE COMPANY AND APPROVAL) CASE NO. 2012-00226
BY THE COMMISSION OF A NEW REAL-TIME)
PRICING TARIFF)

KENTUCKY POWER COMPANY'S RESPONSE TO
COMMISSION STAFF'S SECOND SET OF DATA REQUESTS

August 10, 2012

VERIFICATION

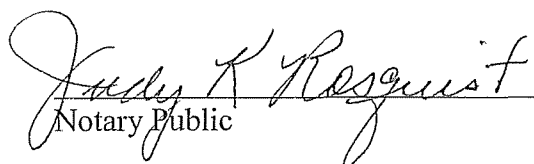
The undersigned, Ranie K. Wohnhas, being duly sworn, deposes and says he is the Managing Director Regulatory and Finance for Kentucky Power, that he has personal knowledge of the matters set forth in the forgoing responses for which he is the identified witness and that the information contained therein is true and correct to the best of his information, knowledge, and belief



Ranie K. Wohnhas

COMMONWEALTH OF KENTUCKY)
) CASE NO. 2012-00226
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Ranie K. Wohnhas, this the 10th day of August 2012.



Notary Public

My Commission Expires: January, 23, 2013

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Commission Staffs First Request for Information ("Staffs First Request"), Item 4. If the Commission requires Kentucky Power to continue its existing Real-Time Pricing ("RTP") Tariff until otherwise ordered or to continue the existing RTP Tariff on a permanent basis, explain how Kentucky Power proposes to allocate to the other customer classes the revenue short-fall, which it stated in its June 1, 2012 application could be approximately \$10 to \$20 million.

RESPONSE

Subject to further review and analysis, the Company would propose allocating the full amount of the revenue short-fall to the Tariff R.T.P., Tariff C.I.P.-T.O.D, and Tariff Q.P. customers.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staff's First Request, Item 8. In response to the question about which three large customers had requested to move up to 200 megawatts of load onto Tariff RTP, Kentucky Power identified Catlettsburg Refining LLC- Catlettsburg, U.S. 23S; A.K. Steel Corp - Ashland, Russell Road; and Air Products and Chemicals, Inc. - Ashland Plant. For each of these identified customers, state:

- a. The date each customer requested service under Tariff RTP;
- b. Whether the request identified in paragraph a. above was in writing;
- c. If Kentucky Power denied any of the identified customers' requests for service under Tariff RTP, and the date and manner in which Kentucky Power denied such request.

RESPONSE

a - b. Provided below is the requested information by customer.

Catlettsburg Refining LLC

May 2 - Catlettsburg Refining LLC notified AEP National Accounts by email that it wished to migrate [REDACTED] MW to Tariff R.T.P.

A.K. Steel Corp

May 18 - A.K. Steel notified AEP National Accounts by email that it wished to migrate [REDACTED] MW to Tariff R.T.P. by June 1.

Air Products and Chemicals, Inc.

May 24 - Air Products notified AEP National Accounts by email that it wished to migrate [REDACTED] MW to Tariff R.T.P..

c. N/A

WITNESS: Ranie K. Wohnhas

Kentucky Power Company

REQUEST

Refer to Kentucky Power's response to Staffs First Request, Item 11. Kentucky Power lists 21 officers in its response to 11a. In the response to 11 b., Kentucky Power states, "[t]he following tariff sheets were signed by Lila P. Munsey, Manager of Regulatory Services for Kentucky Power, and approved by the KPSC Tariff Branch . "

- a. Confirm that Lila P. Munsey is not an officer of Kentucky Power
- b. Explain whether Kentucky Power requested and was granted a deviation so that a non-officer of Kentucky Power could sign tariff sheets.
- c. Explain why none of the 21 officers listed in the response to 11 a. have signed tariff sheets on behalf of Kentucky Power.
- d. Explain why Kentucky Power is not in violation of 807 KAR 5:011, Section 3(4).

RESPONSE

- a. Lila Munsey is not an officer of Kentucky Power Company as the term is used in Chapter 271B of the Kentucky Revised Statutes.
- b. Kentucky Power did not request a deviation from 807 KAR 5:011, Section 3(4)(e).
- c. Other than Mr. Pauley, the persons listed as corporate officers of Kentucky Power in its Response to KPSC 1-11(a) are located outside the Commonwealth of Kentucky and thus are typically not available to sign tariffs. The subject tariff sheets were not signed by Mr. Pauley because, as set forth in the Company's response to subpart (d) of this data request, the Company believed that Ms. Munsey was authorized to sign tariffs in conformity with the regulation.

d. Kentucky Power does not believe it violated 807 KAR 5:011, Section 3(4)(e). Kentucky Power acted in good faith in having Ms. Munsey sign the tariffs on behalf of the Company. Supervision of Kentucky Power's tariffs, including their issuance, is part of her responsibilities as Manager of Regulatory Services for the Company. Although Ms. Munsey is not an officer of Kentucky Power as the term is used in Chapter 271B of the Kentucky Revised Statutes, she functions as an officer of the Company in the everyday sense of the word. For example, one commonly used dictionary defines an officer as "one who holds an office of authority or trust in a corporation, government, or other institution; especially, one who acts in a managerial capacity for a private corporation: *bank officers*." **The American Heritage Dictionary Of The English Language** at 912 (New College Ed. 1976) (emphasis in original). *See also*, **Webster's New Twentieth Century Dictionary Unabridged** at 1243 (2nd Ed. 1983) ("anyone elected or appointed to an office or position of authority in a government, business, institution, social club, etc."); **Webster's Ninth New Collegiate Dictionary** at 820 (1989) ("one who holds an office of trust, authority, or command"). As her title, Manager of Regulatory Services, indicates, Ms. Munsey acts in a managerial capacity for Kentucky Power. She likewise was appointed to a position of authority with Kentucky Power and holds an office of trust and authority with the Company. The use of this everyday definition of "officer" in connection with the requirements of 807 KAR 5:011, Section 3(4)(e), in lieu of the more formal Chapter 271B of the Kentucky Revised Statutes meaning, seems appropriate in light of the regulation's use of the phrase "officer of the utility authorized to issue tariffs." That is, the regulation does expressly limit the definition to its strict corporate law meaning. Finally, because Ms. Munsey was duly authorized by Kentucky Power to sign the tariffs and bind the Company, any violation of the regulation's requirements would seem to be technical in nature and did not harm the public. In fact, Kentucky Power notes that the Commission's proposed regulation, 807 KAR 5:011, Section 3(2)(f), eliminates the requirement that an officer sign a tariff, and instead provides for tariffs to be issued by an authorized representative. Presumably, the Commission would not have done so if it believed that the issuance of tariffs by a corporate officer was required for the Commission to carry out its statutory mandate, or to protect the public.

WITNESS: Ranie K Wohnhas

REQUEST

Refer to Kentucky Power's response to Staff's First Request for Information, Item 15. The response stated:

Sidney Coal (Alpha Natural Resources) inquired but did not pursue enrollment. The following two customers requested to transfer load to Tariff RTP but were unable to qualify as explained below:

1. EQT Gathering LLC's Derby Compressor Station has a demand of less than 1,000 kW and there were 10 customers in the queue.
2. Air Liquide's plant in Ashland was not eligible because there were 10 customers in the queue.

Provide an explanation of the queue.

RESPONSE

Queue refers to the order in which eligible customer requests to transfer load were received by the Company. Upon qualification, each customer's request to take service under Tariff R.T.P. was processed in the order in which it was received. See also the Company's response to KPSC 1-2 (c) in Case No. 2007-00166, attached as page 2 of this response.

WITNESS: Ranie K Wohnhas

KPSC Case No. 2007-00166
Commission Staff's First Set of Data Requests
Order Dated May 21, 2007
Item No. 2
Page 1 of 1

Kentucky Power Company

REQUEST

Refer to page 3 of Mr. Foust's testimony where he states that customers qualifying under the QP and COP TOD tariffs will be eligible to participate in the RTP.

- a. How many customers qualify for the RTP pilot under the QP and CIP TOD tariff?
- b. Explain why Kentucky Power wishes to limit the number of participants in the pilot RTP program to ten.
- c. If the total number of customers served under these two tariffs that may wish to participate in the RTP pilot exceeds the 10-customer limit that Kentucky Power proposes, how does Kentucky Power intend to choose the 10 customers that will be allowed to participate?
- d. Explain how the real-time pricing program will be communicated and explained to those customers that are potentially eligible.

RESPONSE

- (a) There are 106 customers taking service under tariffs QP and CIP-TOD. All are eligible to participate.
- (b) Kentucky Power limited the number of participants in the pilot program to limit the amount of fixed expenses associated with the pilot program. Ten participants allow the Company to manually bill the participating customers rather than develop an expensive computer billing program that would be required for a large number of participants.
- (c) Customers will be chosen on a first-come basis.
- (d) A letter will be sent to the eligible customers by the Company through the Company's customer representatives that will announce the program. The letter will request that any interested customers should follow-up with the Company's customer representative to get further information and discuss further details regarding the program.

WITNESS: Larry C Foust

KENTUCKY POWER COMPANY

REQUEST

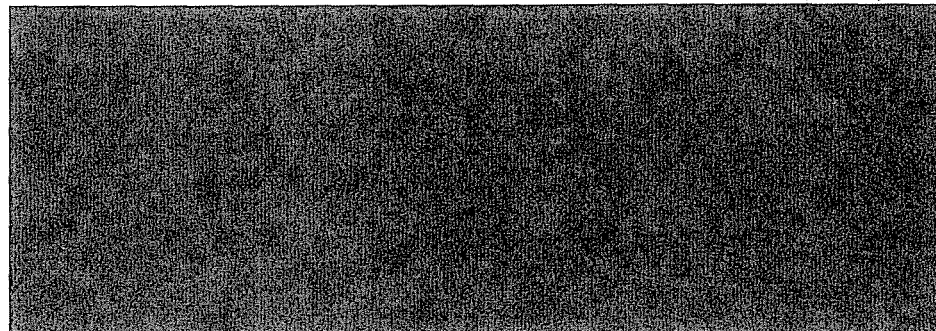
On July 20, 2012, Air Liquide Large Industries U.S. LP (“Air Liquide”) filed with the Commission a Complaint and Petition against Kentucky Power Company which has been assigned Case No. 2012-00351.¹ In its Complaint, at paragraph 12, Air Liquide alleges that Kentucky Power informed it that the existing tariff RTP was no longer available for additional customers as the experimental tariff had reached the limit of 10 customer participants. In its June 1, 2012 application, Kentucky Power stated at paragraph 2, “[s]ince June 1, 2008, Kentucky Power has offered service under its experimental real-time pricing tariff: Tariff RTP (Tariff Sheets 30-1, 30-2, 30-3, and 30- 4). To date, no customer has taken service under Tariff RTP.”

- a. After the June 1, 2012 filing of its application, explain whether there have been any customers granted participation in Kentucky Power’s Tariff RTP.
- b. If the answer to part a. is yes, identify the number of customers being served under Tariff RTP.
- c. Provide the name of the customers served under Tariff RTP, the associated load of each customer shifted to the Tariff RTP, and the associated estimated annual revenue loss of each customer served under Tariff RTP.
- d. In reviewing the Tariff RTP customer usage patterns, explain whether those customers have shifted any portion of their load from higher-priced periods to lower-priced periods or whether those customers have added any new load in low price periods.

¹ Case No 201 2-00351, Air Liquide Large Industries U. S. LP v. Kentucky Power Company, filed July 20, 2012.

RESPONSE

- a-b. There are currently ten participants using Tariff R.T.P., all of which enrolled effective July 1, 2012.
- c. Estimated revenue losses can be found in the Company's response to KPSC 1-15 (d). Please see table below for a listing of customers and associated load moved to Tariff R.T.P. Confidential treatment is being sought for this portion of the response.

<u>Customer</u>	Load moved to <u>Tariff RTP</u> (in kW)
	

- d. There has not yet been a study performed to determine whether any customers have shifted any portion of their load from higher-priced periods to lower-priced periods. Interval data is being captured but has not yet been analyzed. KPCo will provide the analysis as soon as it is available for filing.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

If there are customers on the Tariff RTP, provide the following:

- a. Explain whether or not Kentucky Power believes that each customer qualifies or meets the following portion of the program description of Tariff R.T.P. (Experimental Real-Time Pricing Tariff), Sheet 30-1, with an effective date of July 29, 2011:

The RTP Tariff will offer customers the opportunity to manage their electric costs by shifting load from higher cost to lower cost pricing periods or by adding new load during lower price periods. The experimental pilot will also offer the customer the ability to experiment in the wholesale electricity market by designating a portion of the customer's load subject to standard tariff rates with the remainder of the load subject to real-time prices.

- b. If the answer to a. is no, explain why Kentucky Power placed the customers on the RTP Tariff.

RESPONSE

- a. The second sentence of the quoted tariff language does not set out a qualification for contracting to take service under Tariff R.T.P. Rather, it simply describes a benefit received by otherwise qualified customers from enrolling in the program. The ability to shift load "from higher cost to lower cost pricing periods "or add load" during lower price periods," which is set out in the first sentence of the excerpt from the tariff, describes the intended applicability of the tariff to otherwise qualified customers. Without meeting this intent, customers should see no benefit from electing Tariff R.T.P.

The minimum qualifications for contracting to take service under Tariff R.T.P. are (1) that there be an open position in the experimental queue of ten customers; (2) that the customer have a demand of not less than 1 MW; (3) that the customer specify at least 100 kW as being subject to the tariff; and (4) that the customer must be taking service under Tariff Q.P. or Tariff C.I.P.-T.O.D. at the time of the request. The ten customers met these minimum criteria. The determination of whether the

otherwise qualified customer meets the intended applicability of the tariff can be made once a customer begins taking service under the tariff based upon the customer's actual actions. The Company plans to review the ten customers' operations under Tariff R.T.P. and to take such further action as is appropriate, including, but not limited to, back-billing the customers whose operations do not comport with the intended applicability of the tariff.

- b. The ten customers currently taking service under Tariff R.T.P. met the minimum qualifications for contracting to take service under the tariff and were allowed to enroll. The four qualifications are necessary but not sufficient conditions for participation under Tariff R.T.P. Also required, as set out in the first sentence of the tariff excerpt, is that once enrolled the customer utilize the tariff to "manage their electric costs by shifting load from higher cost to lower cost pricing periods or by adding new load during lower price periods." This cannot be determined until the customer begins operating under the Tariff and thus the ten customers were allowed to enroll.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Refer to the response to First Set of Data Requests ("First Set of Data Requests") of the Kentucky Industrial Utility Customers, Inc. ("KIUC"), Item 2, Attachment 1, page 12 of 26. Are there any customers served by Appalachian Power Company's ("APCo") VA. S.C.C. Tariff No. 24, Schedule DP-1 (Dynamic Pricing Pilot 1), effective January 29, 2012? If yes, explain the process, if any, utilized by APCo to determine that each customer would either shift load from higher cost to lower cost pricing periods or add new load during lower price periods.

RESPONSE

As of August 9, 2012, no customers had elected to take service under Appalachian Power Company's Tariff No. 24 Schedule DP-1 (Dynamic Pricing Pilot 1).

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Refer to the response to First Set of Data Requests of KIUC, Item 2, Attachment 1, page 17 of 26. Are there any customers served under Indiana Michigan Power's ("I &M") State of Indiana Tariff RTP (Experimental Real-Time Pricing Tariff), effective March 23, 2009? If yes, explain the process, if any, utilized by I&M to determine that each customer would either shift load from higher cost to lower cost pricing periods or add new load during lower price periods.

RESPONSE

As of August 9, 2012, no customers had elected to take service under I&M's State of Indiana Tariff RTP.

WITNESS: Ranie K. Wohnhas

Kentucky Power Company

REQUEST

Refer to the response to First Set of Data Requests of KIUC, Item 2, Attachment 1, page 22 of 26. Are there any customers served under I &M's State of Michigan Tariff RTP (Experimental Real-Time Pricing Service), effective for service rendered beginning with the billing month of April, 2012? If yes, explain the process, if any, utilized by I&M to determine that each customer would either shift load from higher cost to lower cost pricing periods or add new load during lower price periods.

RESPONSE

As of August 9, 2012, no customers have elected to take service under I&M's State of Michigan Tariff RTP.

WITNESS: Ranie K. Wohnhas

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
AUG 10 2012
PUBLIC SERVICE
COMMISSION

In the Matter of:

The Application of Kentucky Power)
Company to Withdraw Its Tariff RTP)
Pending Submission by the Company) Case No. 2012-00226
And Approval by the Commission of)
a New Real-Time Pricing Tariff)

* * * * *

PETITION FOR CONFIDENTIAL TREATMENT

Kentucky Power Company (“Kentucky Power”) moves the Commission pursuant to 807 KAR 5:001, Section 7, for an Order granting confidential treatment to Kentucky Power’s August 10, 2012 Response to KPSC 2-2 and KPSC 2-5.

Pursuant to 807 KAR 5:001 an original of the responses for which confidential treatment is sought is filed separately. In addition, ten redacted copies of the subject responses are included with the remaining filings.

A. The Requests And The Statutory Standards.

The information request calls for two types of confidential information. The first consists of customer-specific information concerning purchases of electricity from Kentucky Power as well as details of customer accounts with Kentucky Power.

Kentucky Power does not object to providing to the Commission the data sought in KPSC 2-2 and KPSC 2-5. However, the data should be afforded confidential treatment.

KRS 61.878(1)(c)(1) excludes from the Open Records Act:

Upon and after July 15, 1992, records confidentially disclosed to an agency or required to be disclosed to it, generally recognized as confidential or proprietary,

which if openly disclosed would permit an unfair commercial advantage to competitors of the entity that disclosed the records.

Moreover, KRS 61.878(1)(a) excludes:

Public records containing information of a personal nature where the public disclosure thereof would constitute a clearly unwarranted invasion of personal privacy.

These exceptions apply to KPSC 2-2 and KPSC 2-5.

B. The Nature of Kentucky Power's Injury That Will Result From Disclosure Of The Confidential Information.

1. Customer-Specific Information.

The customer-specific information for which confidential treatment is being sought includes the energy usage and cost for industrial entities in competitive markets such as petroleum refining, steel production, retail, and chemical manufacture. Energy costs can represent a substantial portion of the cost of the customers products. Such information, as well as customer specific information such as account numbers, is considered confidential information by the parties to those contracts.

Disclosure of this information will place the energy costs and usage of the industrial customers in the public domain and thereby place the customers at a commercial disadvantage by making their cost information available. The threat of these disclosures could have the effect of discouraging the parties represented by KIUC and other industrial and commercial customers from locating or expanding in Kentucky Power's service territory.

C. The Information Is Generally Recognized As Confidential and Proprietary.

First, the records to be filed with the Commission are "generally recognized as confidential or proprietary." The requests at issue in this motion call for sensitive information that is treated as confidential by Kentucky Power and its customers. Dissemination of the

information for which confidential treatment is being requested is restricted by Kentucky Power and AEPSC. The Company and AEPSC take all reasonable measures to prevent its disclosure to the public as well as persons within the Company who do not have a need for the information.

D. Disclosure Of The Information Will Result In An Unfair Commercial Disadvantage To Kentucky Power.

In general, the disclosure of the confidential information will place Kentucky Power at an unfair commercial disadvantage. As set forth above, energy costs represent a significant component of the costs of operation for many of Kentucky Power's large industrial customers. These customers require Kentucky Power to maintain this information as confidential, presumably because public dissemination would place them at a commercial disadvantage vis-à-vis their competitors. If this information is required to be disclosed publicly then industrial customers will be less likely to locate or expand in Kentucky Power's service territory. The impaired ability to attract such customers will place Kentucky Power at a competitive disadvantage as compared to electric utilities in other jurisdictions that may not be subject to this disclosure requirement.

E. The Information Is Required To Be Disclosed To An Agency.

The records requested in KPSC 2-2 and KPSC 2-5 are by the terms of the requests required to be disclosed to the Commission, a "public agency" as that term is defined at KRS 61.870(1). Kentucky Power acknowledges the customer information at issue is subject to Commission review, and that parties to this proceeding should have access to the information sought by Staff and KIUC. Any filing, however, should be subject to a confidentiality order and any party requesting such information should enter into a confidentiality agreement. If such an agreement cannot be reached, the information should be subject to a protective order issued pursuant to 807 KAR 5:001, Section 7(5)(b).

F. The Information is Personal to Kentucky Power's Customers and Public Disclosure would Impair Reasonable Privacy Expectations.

In addition to the risk of competitive injury to Kentucky Power set forth above, disclosure of the customer-specific information at issue in KPSC 2-2 and KPSC 2-5 would violate the reasonable privacy expectations of the customers. Kentucky Power's customers require the Company to maintain this information as confidential. They have no expectation that the information will be publicly disclosed. Moreover, no public interest is served through the disclosure of the energy purchases made by private parties.

Wherefore, Kentucky Power Company respectfully requests the Commission to enter an Order:

1. According confidential status to and withholding from public inspection Kentucky Power's responses to KPSC 2-2 and KPSC 2-5; and
2. Granting Kentucky Power all further relief to which it may be entitled.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mark R. Overstreet', is written over a horizontal line. The signature is stylized and somewhat cursive.

Mark R. Overstreet
R. Benjamin Crittenden
STITES & HARBISON PLLC
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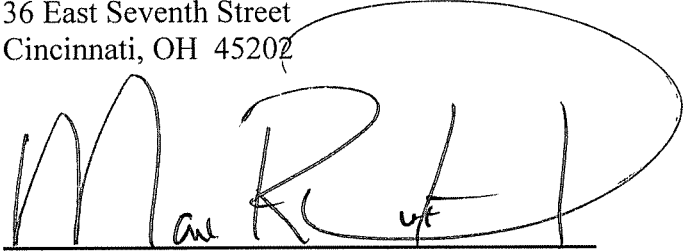
COUNSEL FOR KENTUCKY POWER
COMPANY

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing (along with redacted copies of the information for which confidential treatment is sought) was served by first class mail, postage prepaid, upon the following parties of record, this 10th day of August, 2012.

Jennifer B. Hans
Dennis Howard II
Lawrence W. Cook
Assistant Attorneys General
Office for Rate Intervention
P. O. Box 2000
Frankfort, KY 40602-2000

Michael L. Kurtz
Kurt J. Boehm
Boehm, Kurtz & Lowry
Suite 1510
36 East Seventh Street
Cincinnati, OH 45202

A handwritten signature in black ink, appearing to read 'Mark R. Overstreet', is written over a horizontal line. The signature is enclosed within a large, hand-drawn oval.

Mark R. Overstreet