

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION OF)	
THE FUEL ADJUSTMENT CLAUSE OF)	CASE NO.
KENTUCKY POWER COMPANY FROM)	2014-00225
NOVEMBER 1, 2013 THROUGH APRIL 30, 2014)	

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION TO
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC. AND THE
ATTORNEY GENERAL OF THE COMMONWEALTH OF KENTUCKY

Kentucky Industrial Utility Customers, Inc. and the Attorney General of the Commonwealth of Kentucky, (jointly "Intervenors"), pursuant to 807 KAR 5:001, are to file with the Commission an original paper copy and an electronic copy of the following information, with a copy to all parties of record. The information requested herein is due no later than October 27, 2014. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, 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.

Intervenors shall make timely amendment to any prior response if they obtain information which indicates that the response was incorrect when made or, though

correct when made, is now incorrect in any material respect. For any request to which Intervenor fail or refuse to furnish all or part of the requested information, they shall provide a written explanation of the specific grounds for their failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to page 6 of the Direct Testimony of Lane Kollen (“Kollen Testimony”), lines 2-12, wherein Mr. Kollen recommends that \$12.648 million in excessive fuel costs be refunded over a six-month period, plus interest of \$.864 million calculated at Kentucky Power’s weighted average cost of capital. Mr. Kollen also recommends that Kentucky Power be required to modify its fuel cost allocation by adopting the methodology used by East Kentucky Power Cooperative, Inc. (“East Kentucky”).

a. Explain why Intervenor are recommending that refunds be made over six months and not over a shorter or longer period.

b. Provide the calculation of the weighted average cost of capital as well as the \$.864 million in interest.

c. Explain why Intervenor are recommending that Kentucky Power follow East Kentucky’s methodology rather than that of another jurisdictional utility. Include in the response Mr. Kollen’s understanding of how East Kentucky’s

methodology differs from that of the other jurisdictional utilities, excepting Big Rivers Electric Corporation.

2. Refer to page 7 of the Kollen Testimony, lines 16-18. Define “minimum segment costs” as used in Mr. Kollen’s Testimony.


3. Refer to page 9 of the Kollen Testimony, lines 11-12, which state that “[t]he minimum segment cost per kWh is greater than the cost of incremental generation.” Provide the location of this information in the record.

4. Refer to the Direct Testimony of Philip Hayet (“Hayet Testimony”). Explain why Intervenors did not use the \$13.15 million of “no load costs” that would have been allocated to off-system sales if “no load costs” had followed the allocation of all other fuel costs (obtained by totaling the “Off-System No Load Fuel Allocation” column for January-April 2014 in Kentucky Power Company’s response to Item 4.b.(3) of Commission Staff’s Second Information Request, Attachment 3) as the amount it recommends be refunded to customers.

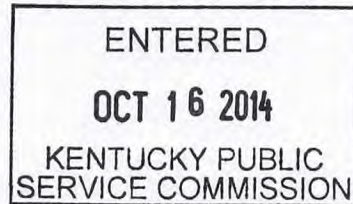
5. Refer to page 13 of the Hayet Testimony, lines 11-13, which state that “the fuel cost results that the Company provided included the allocation of fuel costs to retail native load customers and did not include fuel costs or loads associated with the wholesale requirements customers (Vanceburg and Olive Hill).” Explain whether the absence of the fuel costs and loads associated with the wholesale requirements customers in Mr. Hayet’s analysis affects the accuracy of his calculations.

6. Refer to page 16 of the Hayet Testimony, the table at the bottom of the page. Explain why the total fuel costs for January-April differ between the top of the table and the bottom of the table.

7. Provide all spreadsheets developed by Mr. Hayet in his analysis in Excel format with the formulas intact and unprotected and with all columns and rows accessible.



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Executive Director
Public Service Commission
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DATED OCT 16 2014

cc: Parties of Record

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