

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE APPLICATION)
OF THE FUEL ADJUSTMENT CLAUSE OF)
KENTUCKY POWER COMPANY FROM) CASE NO.
NOVEMBER 1, 2012 THROUGH OCTOBER) 2014-00450
31, 2014)

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO KENTUCKY POWER COMPANY

Kentucky Power Company ("Kentucky Power"), pursuant to 807 KAR 5:001, is to file with the Commission an original paper copy and an electronic copy of the following information. The information requested herein is due no later than March 25, 2015. 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 the 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.

Kentucky Power shall make timely amendment to any prior response if it obtains 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 Kentucky Power fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its 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. When filing a paper containing personal information, Kentucky Power shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to page 5 of the Direct Testimony of Kelly D. Pearce (“Pearce Testimony”), lines 6-8, which state, “Kentucky Power will be purchasing more power from the PJM market as needed to service its load once Big Sandy Unit 2 retires no later than May of this year and is no longer available to supplement the Company’s other generations to provide energy as called upon.” State whether this statement means that, without Big Sandy Unit 2, Kentucky Power does not have enough capacity to meet its load.

2. Refer to page 7 of the Pearce Testimony, lines 15 and 16, which state, “There were 400 hours that one hundred percent of either Mitchell Unit 1, Mitchell Unit 2 or both Mitchell units were economically assigned to native load. . . .” State whether the

reference to 100 percent of the units means 100 percent of Kentucky Power's 50 percent undivided share of the Mitchell plant. If not, explain.

3. Refer to the Pearce Testimony, Exhibit KDP-1. Provide the supporting calculations for all amounts on rows 1 and 2 in Excel spreadsheet format.

4. Refer to page 5 of the Direct Testimony of John A. Rogness ("Rogness Testimony"). Provide a revised Table 2 that reflects the exclusion of the Mitchell "no load costs."

5. Refer to page 6 of the Rogness Testimony, lines 12-16, which state that the month of October 2014, with a fuel cost of 2.725 cents per kWh, was the month "with the smallest differential, without exceeding the projected fuel costs shown in Table 1." Given that the proposed base fuel rate of 2.725 per kWh exceeds the projected fuel costs shown in Table 1 of 2.615 per kWh for 2015 and 2.658 per kWh for 2016, to what is Mr. Rogness referring when he states that October does not exceed the projected fuel costs?

6. Refer to pages 7-8 of the Rogness Testimony. Beginning at the bottom of page 7, Mr. Rogness discusses the inclusion of Mitchell "no load costs" in the historical and projected fuel cost projections.

a. State whether fuel costs for Big Sandy units 1 and 2 and Mitchell units 1 and 2, including "no load costs," are included in the 2015 fuel cost projections from January through May.

b. Confirm that all Big Sandy unit 2 fuel costs were excluded from 2015 projections beginning in June 2015. If this cannot be confirmed, explain.

c. For the 2015 and 2016 projections, state the months that include the following:

- (1) Big Sandy unit 1 coal-related fuel costs;
- (2) Big Sandy unit 1 natural gas-related fuel costs; and
- (3) No Big Sandy unit 1 fuel costs.

7. Refer to page 9 of the Rogness Testimony.

a. Provide a detailed description of each PJM Interconnection, Inc. ("PJM") billing line item listed.

b. Describe in detail the following PJM billing line items and explain why each is not includable in the calculation of the fuel adjustment clause ("FAC"): 1210, 2210, 1215, 2217, 1218, 2218, 1230, 1245, 2245, 1250, 1260, 2260, 1375, 2370, and 2375.

c. By month for each PJM billing line item listed in subpart b. above, provide the amount charged or credited to Kentucky Power by PJM from November 1, 2012, to the most current month available and, if different, the amount that would have been included in the calculation of the FAC if the items were found to be includable by the Commission.

d. State whether Kentucky Power believes that the PJM billing line items included in the FAC should be the same across all Kentucky jurisdictional utilities that are members of PJM. If not, explain why the Commission should allow differences in those recoverable through the FAC.

8. Refer to Kentucky Power's response to Item 3 of the Commission's February 5, 2015 Request for Information ("February 5, 2015 Request"). The response

states that both fuel costs and sales are projected to be higher in 2015 and 2016. State what the comparison is being made to and provide the amounts for the comparison. For example, if the comparison is being made to years 2013 and 2014, provide the fuel costs and sales for each of those years.

9. Refer to the response to Item 4 of the February 5, 2015 Request. Confirm that changing Kentucky Power's current fuel base rate of \$.02840 per kWh to a base fuel rate of \$.02725 per kWh results in a \$.00115 reduction to Kentucky Power's base energy rates.

10. Refer to the response to Item 5 of the February 5, 2015 Request, Attachment 1. Explain why the sum of the fuel costs (by totaling the amounts from both the Big Sandy and Mitchell tabs) in the attachment do not reconcile with the fuel cost totals that appear for the years 2015 and 2016 in Table 1 of the Rogness Testimony.

11. Refer to the response to Item 6 of the February 5, 2015 Request, Attachment 1. Explain why the sum of the GWh in the attachment does not reconcile with the kWh totals (after conversion to GWh) that appear for the years 2015 and 2016 in Table 1 of the Rogness Testimony.

12. Refer to the response to Item 38 of the February 5, 2015 Request.

a. The response states that the PJM billing line items are "allocated between off system sales obligation and Kentucky Power's internal load requirements."

(1) Explain in detail how the PJM billing line items are allocated between off-system sales and internal load requirements.

(2) By month, for the period January 1, 2014 through October 31, 2014, provide the allocations of the PJM billing line items between off-system sales and internal load requirements.

b. For the months of January 2014 and August 2014, provide a copy of the PJM invoice/statement which supports the amounts recorded in the FAC for those expense months. If necessary, provide a reconciliation of the amounts in the invoice/statement to the amounts recorded in the FAC.

c. Refer to Attachment 1, tab "Sheet 1." For each column, columns D through L, explain what is represented and how the amount in the column was calculated.

d. Refer to Attachment 2. Account 4470207 is identified as a charge and account 4470208 is identified as a credit. Explain why the opposite is shown for those accounts for period 9 of 2013 and period 5 of 2014 in the table.

13. Refer to the response to Item 39 of the February 5, 2015 Request. State whether Kentucky Power is compensated by PJM if PJM dispatches any of its units out of economic dispatch order. If so, explain whether this compensation is fuel-related and credited to customers through the FAC. If fuel-related compensation is received and not credited through the FAC, explain why it is not credited.

14. State whether there are times when PJM does not dispatch one or more of Kentucky Power's generating units, but, in order to meet load, Kentucky Power has to purchase power at a higher cost from PJM than if it had operated its unit(s). If so, state the number of times this occurred, by month, during the period under review and whether Kentucky Power received compensation from PJM.

15. In its most recent two-year case in which a change in the base fuel rate occurred, Case No. 2008-00518,¹ Kentucky Power indicated its preference that any change in base rates be approved on a “bills rendered” basis rather than a “service rendered” basis. If the current FAC review results in changes to its base rates, state whether Kentucky Power continues to prefer the same “bills rendered” basis as authorized in the two-year case.



Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

DATED **MAR 11 2015**

cc: Parties of Record

¹ Case No. 2008-00518, *An Examination of the Application of the Fuel Adjustment Clause of Kentucky Power Company from November 1, 2006 through October 31, 2008*, Kentucky Power's Response to the Commission's January 23, 2009 Order, Item 34, filed Feb. 11, 2009.

*Honorable Kurt J Boehm
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Judy K Rosquist
Kentucky Power Company
101 A Enterprise Drive
P. O. Box 5190
Frankfort, KY 40602

*Amy J Elliott
Kentucky Power Company
101 A Enterprise Drive
P. O. Box 5190
Frankfort, KY 40602

*Jennifer Black Hans
Assistant Attorney General
Office of the Attorney General Utility & Rate
1024 Capital Center Drive
Suite 200
Frankfort, KENTUCKY 40601-8204

*Kentucky Power Company
101 A Enterprise Drive
P. O. Box 5190
Frankfort, KY 40602

*Honorable Michael L Kurtz
Attorney at Law
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Jody M Kyler Cohn
Boehm, Kurtz & Lowry
36 East Seventh Street
Suite 1510
Cincinnati, OHIO 45202

*Honorable Mark R Overstreet
Attorney at Law
Stites & Harbison
421 West Main Street
P. O. Box 634
Frankfort, KENTUCKY 40602-0634