

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC EXAMINATION OF THE)
APPLICATION OF THE FUEL ADJUSTMENT)
CLAUSE OF KENTUCKY POWER) CASE NO.
COMPANY FROM NOVEMBER 1, 2014) 2017-00001
THROUGH OCTOBER 31, 2016)

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, six copies in paper medium, and an electronic version of the following information. The information requested herein is due on or before March 20, 2017. 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 Kentucky Power's response to the Commission's February 6, 2017, Request for Information ("February 6, 2017, Request"), Item 1. The response states "[I]n addition, beginning with the October 2015 expense month, the methodology used by Kentucky Power to calculate its fuel costs was modified in accordance with the settlement agreement approved by the Commission in Case No. 2014-00396." Given that the settlement agreement in that proceeding allowed Kentucky Power to allocate fuel costs as it had done historically, explain the modification referenced in the response.

2. Refer to Kentucky Power's response to the February 6, 2017, Request, Item 43. The response explains why Kentucky Power initially used the published price of natural gas in Platts Gas Daily but does not address whether a change should be made so that Kentucky Power uses the price it pays for natural gas to operate Big

Sandy unit 1. Explain why a change should not be made to Kentucky Power's current practice. If a change is ordered by the Commission, given that various prices could be paid during a month for natural gas, explain how the natural gas rate for calculating the peaking unit equivalent for the month should be determined.

3. Refer to the Direct Testimony of John A. Rogness ("Rogness Testimony"), pages 5 and 6, which state, ". . . the cost of fuel fluctuated between a high of 3.322 cents per kWh (December 2014) to a low of 2.436 (December 2015)." Confirm that the lowest fuel cost during the review period was 2.284 cents for September 2015, as shown on page 5 of the Rogness Testimony.

4. Refer to the Rogness Testimony, page 6, line 4. Explain how the 0.014 cents per kWh was calculated.

5. Refer to the Rogness Testimony, page 8, line 1. State whether the 0.225 cents per kWh should be .272 cents per kWh.

6. Refer to the Direct Testimony of Charles F. West ("West Testimony"), page 5. Confirm that Contract Status (4) should use the word "expires" instead of "expired." If this cannot be confirmed, explain.

7. Refer to the West Testimony, page 10, lines 4-6, which states "[i]n the future, we expect coal pricing in the eastern market will increase when natural gas prices allow a coal price increase or when the export market picks up to the point that demand exceeds available supply." Given this statement, explain why Kentucky Power is projecting lower fuel costs in 2017 and 2018 as discussed in the Rogness Testimony, pages 6-7.

8. State whether Kentucky Power engaged in virtual transactions in its regional transmission organization during the two-year review period. If yes, explain: 1) how the transactions were accounted for; and 2) the effect the transactions had on the calculation of the fuel adjustment clause, if any.



Talina R. Mathews
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40601

DATED MAR 06 2017

cc: Parties of Record

*Amy J Elliott
Kentucky Power Company
855 Central Avenue, Suite 200
Ashland, KY 41101

*Kentucky Power Company
855 Central Avenue, Suite 200
Ashland, KY 41101

*Judy K Rosquist
Kentucky Power Company
855 Central Avenue, Suite 200
Ashland, KY 41101

*Kenneth J Gish, Jr.
Stites & Harbison
250 West Main Street, Suite 2300
Lexington, KENTUCKY 40507

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