

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)	
POWER COMPANY FOR (1) A GENERAL)	
ADJUSTMENT OF ITS RATES FOR ELECTRIC)	CASE NO.
SERVICE; (2) AN ORDER APPROVING ITS 2017)	2017-00179
ENVIRONMENTAL COMPLIANCE PLAN; (3) AN)	
ORDER APPROVING ITS TARIFFS AND RIDERS;)	
(4) AN ORDER APPROVING ACCOUNTING)	
PRACTICES TO ESTABLISH REGULATORY)	
ASSETS AND LIABILITIES; AND (5) AN ORDER)	
GRANTING ALL OTHER REQUIRED APPROVALS)	
AND RELIEF)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO KENTUCKY INDUSTRIAL UTILITY CUSTOMERS

Kentucky Industrial Utility Customers ("KIUC"), pursuant to 807 KAR 5:001, is to file with the Commission the original with six copies in paper medium and an electronic version of the following information. The information requested herein is due on or before October 27, 2017. Responses to requests for information in paper medium shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the 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.

KIUC 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 KIUC 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 filing a paper containing personal information, KIUC 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 Direct Testimony of Lane Kollen ("Kollen Testimony"), pages 7–15.
 - a. Confirm that the revenue requirement amount for deferral of lease expense for Rockport Unit 2 will be reduced by \$20.307 million per year through 2021 and 341/365 of that amount in 2022.
 - b. Explain why the carrying charge should not be based on Kentucky Power Company's ("Kentucky Power") cost of debt.
 - c. Provide all work papers and calculations supporting the calculation of the rate reduction for Rockport Unit 2, resulting from deferral of the lease expense.

2. Refer to the Kollen Testimony, pages 19–23, regarding proposed adjustments to Kentucky Power’s employee incentive programs. Explain the difference in the proposed adjustment to incentive compensation versus that contained in the Direct Testimony of Attorney General witness Ralph C. Smith, pages 30–39.

3. Refer to the Kollen Testimony, page 30. Provide all documentation relied upon in recommending a remaining service life for Big Sandy Unit 1 of 30 years versus the 15-year remaining service life for Big Sandy Unit 1 proposed by Kentucky Power.

4. Refer to the Direct Testimony of Stephan J. Baron (“Baron Testimony”), page 9, regarding Kentucky Power’s economic development efforts. Provide KIUC’s position on the Attorney General’s proposal to eliminate the Kentucky Economic Development Surcharge and Kentucky Power Economic Growth Grants programs.

5. State whether KIUC performed its own cost-of-service study (“COSS”). If KIUC did perform its own COSS, provide a copy in Excel spreadsheet format with all formulas intact and unprotected and with all columns and rows accessible.

6. Refer to the Baron Testimony, Exhibit SJB-3. Provide the exhibit in Excel spreadsheet format with all formulas intact and unprotected and with all rows and column accessible.

7. Refer to the Direct Testimony of Richard A. Baudino (“Baudino Testimony”), page 11, which states that utility stocks and bonds have not been adversely affected by the Federal Reserve Bank’s raising of the federal funds rate and includes information from the Value Line Investment Survey (“Value Line”) for the Central Electric Utility Industry. Explain whether the Value Line summary reports from the East and West Electric Utility Industry note a similar view.

8. Refer to the Baudino Testimony, page 14. Explain whether KIUC believes Kentucky Power has a higher business and financial risk than the proxy group, given the current economic conditions in Kentucky Power's service territory.

9. Refer to the Baudino Testimony, page 16, which states that "k" must reflect the investors' expected return. Explain whether this expected return, or "k", reflects the minimum return that investors must receive, or another value.

10. Refer to the Baudino Testimony, page 22. Explain why the expected dividend yield is multiplied by "one plus one-half" of the expected growth rate.

11. Refer to the Baudino Testimony, page 37, which recommends that the median, as opposed to the average or mean, be used as an alternative measure of central tendency. Mr. Baudino has often used averages in his analysis filed in previous cases. Explain why medians were used instead of the averages.

12. Refer to the Baudino Testimony, page 41, line 6, which refers to "page 52 of [KU's witness Adrien McKenzie's] KU's Direct Testimony." Explain whether this is referring to Mr. McKenzie's Direct Testimony in Case No. 2014-00731 or Mr. McKenzie's direct testimony filed in this proceeding. If this proceeding, provide an update to Mr. Baudino's testimony to reflect that correction.

13. Refer to the Baudino Testimony, page 43, lines 13 and 15, which reference whether it is "appropriate to use a group of unregulated companies to estimate a fair return on equity for LGE and KU." State whether that testimony refers to Kentucky Power or to "LGE and KU." If it refers to Kentucky Power, provide an update to Mr. Baudino's testimony.

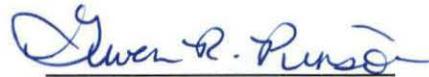
14. Refer to the Baudino Testimony. Provide all exhibits in Excel spreadsheet format with all formulas intact and unprotected and all rows and columns accessible.

15. Refer to the Direct Testimony of Bard Levi ("Levi Testimony"), page 3, lines 13–16, which state that, in 2018, Catlettsburg Refining, LLC, will have the highest energy rate among the seven Marathon Petroleum Company LP ("Marathon") refineries. Provide the current rates for the seven Marathon refineries and the average monthly bills for each refinery for 2016 and to date for 2017.

16. Refer to the Levi Testimony, page 5.

a. Provide the average cost per kWh for the 1,055 MW cogeneration facility at Marathon's Galveston Bay refinery.

b. Explain whether this cogeneration facility is a backup facility or whether it is used as a daily source of power.



Gwen R. Pinson
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED OCT 17 2017

cc: Parties of Record

*William H May, III
Hurt, Deckard & May
The Equus Building
127 West Main Street
Lexington, KENTUCKY 40507

*James W Gardner
Sturgill, Turner, Barker & Moloney, PLLC
333 West Vine Street
Suite 1400
Lexington, KENTUCKY 40507

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

*Barry Alan Naum
Spilman Thomas & Battle, PLLC
1100 Brent Creek Blvd., Suite 101
Mechanicsburg, PENNSYLVANIA 17050

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

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

*Carrie M Harris
Spilman Thomas & Battle, PLLC
1100 Brent Creek Blvd., Suite 101
Mechanicsburg, PENNSYLVANIA 17050

*Janice Theriot
Zielke Law Firm PLLC
1250 Meidinger Tower
462 South Fourth Avenue
Louisville, KENTUCKY 40202

*Katie M Glass
Stites & Harbison
421 West Main Street
P. O. Box 634
Frankfort, KENTUCKY 40602-0634

*Don C Parker
Spilman Thomas & Battle, PLLC
300 Kanawha Blvd, East
Charleston, WEST VIRGINIA 25301

*Justin M. McNeil
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Larry Cook
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Elizabeth Sekula
American Electric Power Service Corporation
1 Riverside Plaza, 29th Floor
Post Office Box 16631
Columbus, OHIO 43216

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

*Laurence J Zielke
Zielke Law Firm PLLC
1250 Meidinger Tower
462 South Fourth Avenue
Louisville, KENTUCKY 40202

*Gregory T Dutton
Goldberg Simpson LLC
9301 Dayflower Street
Louisville, KENTUCKY 40059

*Kent Chandler
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Mark E Heath
Spilman Thomas & Battle, PLLC
300 Kanawha Blvd, East
Charleston, WEST VIRGINIA 25301

*Hector Garcia
American Electric Power Service Corporation
1 Riverside Plaza, 29th Floor
Post Office Box 16631
Columbus, OHIO 43216

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

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

*Honorable Matthew R Malone
Attorney at Law
Hurt, Deckard & May
The Equus Building
127 West Main Street
Lexington, KENTUCKY 40507

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

*Morgain Sprague
Kentucky League of Cities
101 East Vine Street
Suite 800
Lexington, KENTUCKY 40507

*Rebecca W Goodman
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Ranie Wohnhas
Managing Director
Kentucky Power Company
855 Central Avenue Suite 200
Ashland, KENTUCKY 41101

*M. Todd Osterloh
Sturgill, Turner, Barker & Moloney, PLLC
333 West Vine Street
Suite 1400
Lexington, KENTUCKY 40507