

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ELECTRONIC EXAMINATION OF THE)	
APPLICATION OF THE FUEL ADJUSTMENT)	CASE NO.
CLAUSE OF KENTUCKY POWER COMPANY)	2021-00053
FROM NOVEMBER 1, 2018 THROUGH)	
OCTOBER 31, 2020)	

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 electronic version of the following information. The information requested herein is due on April 17, 2021. The Commission directs Kentucky Power to the Commission's March 16, 2020 and March 24, 2020 Orders in Case No. 2020-00085¹ regarding filings with the Commission. The Commission expects the original documents to be filed with the Commission within 30 days of the lifting of the current state of emergency. All responses in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

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

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 16, 2020), Order at 5–6. Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 24, 2020), Order at 1–3.

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 Kentucky Power obtains information that indicates 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, Kentucky Power 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 the Direct Testimony of Brian K. West (West Testimony). Provide the information in Table 1 and Table 2 in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

2. Refer to West Testimony, page 7, Table 2.

a. Provide the monthly projections for both the projected fuel costs and the projected kWh sales for 2021 and 2022. If not included in the response, include the months of November 2020–December 2020.

b. Explain how the projected fuel costs are derived.

c. Explain how the projected kWh sales are derived. Include in the explanation whether the projections are weather normalized.

d. Explain whether in calendar year 2020, fuel costs and kWh sales declined from 2019 levels. If so, explain what factors are driving the decline in fuel costs and kWh sales.

e. Explain what factors are driving the projected decline in 2022 from 2021 levels in both fuel costs and kWh sales.

f. Provide a table and explanation that compares and contrasts the proposed base fuel rate of \$0.02612 per kWh to the monthly fuels costs for 2020, 2021, and 2022.

3. Refer to the Direct Testimony of Clinton M. Stutler (Stutler Testimony), page 9, lines 1–6. Explain whether and how extreme and prolonged cold temperatures, as recently experienced in Texas, would likely impact the natural gas market from which Kentucky Power procures its supply. Explain how Kentucky Power’s natural gas procurement strategy would minimize the impact if such extreme weather were to occur in Kentucky.

4. Refer to the Stutler Testimony, page 9, lines 1–6. Explain whether Kentucky Power anticipates any changes in the natural gas market beyond the two-year period that could affect Kentucky Power’s procurement strategy or practices.

5. Refer to the Direct Testimony of Jeffrey C. Dial (Dial Testimony), pages 6– 7, and page 10, lines 4–12. Explain whether Kentucky Power would continue to do business with the owners of the Ember and SNR companies if they were to form new companies and submit bids to Kentucky Power. If so, explain Kentucky Power’s due diligence methods that allow the company to do business with companies whose owners have proven unreliable in the past.

6. Refer to the Dial Testimony, page 7, lines 12–18.

a. For each of the years 2018–2020, provide a table showing the annual obligation, the total annual amount taken, the total annual amount taken that is attributable to previously deferred amounts (and the year from which the amount was deferred), and the total amount taken attributable to the then current year’s obligation.

b. Explain how many years forward Kentucky Power can defer portions of its annual obligation each year and whether Kentucky Power eventually will have to take the deferred amounts.

7. Refer to the Kentucky Power’s response to the Commission Staff’s First Request for Information (Staff’s First Request), Item 2, Attachment 1.

a. Explain the meaning and impact of subtracting 50,000 or more tons from the totals referencing footnote 2.

b. For each of the contracts listed in the Attachment, explain which allow for deferring amounts into forward years, the amounts that have been deferred into forward years and when delivery will be eventually taken.

8. Refer to the Kentucky Power's response to the Staff's First Request, Item 13. Kentucky Power is capacity short in the winter heating season and yet sells capacity to Wheeling Power Company.

a. Confirm that Kentucky Power did not make any capacity purchases, energy sales, or energy purchases from AEP East regulated companies who are members of the Power Coordination Agreement (PCA.)

b. Provide a table showing Kentucky Power's monthly generation capacity, demand, and reserve margin for June 2018–May 2020, and explain how the company is able to make the capacity sales and not fall below its required PJM reserve margin.

9. Refer to the Kentucky Power's response to the Staff's First Request, Item 14, Attachment 1. Highlight those transactions that are attributable to sales and purchases from AEP East regulated companies who are members of the PCA.

10. Refer to the Kentucky Power's response to the Staff's First Request, Item 27, Attachment 1, and Item 28, Attachment 1. Provide the calculations supporting each of the rates enumerated in the tariffs.

11. Refer to the Kentucky Power's response to the Staff's First Request, Item 20, Attachment 1, page 1 of 2.

a. Explain why the July 2019 entry for System Sales for Resale is four times as high as the previous month and August 2019 is half of July 2019.

b. Explain why the September 2020 entry for System Sales for Resale is so low.

12. Refer to the Kentucky Power's response to the Staff' First Request, Item 35.b. Provide the 2019 report that reviews the reasonableness of the Barge Transportation Agreement.



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DATED APR 05 2021

cc: Parties of Record

Case No. 2021-00053

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