

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	)	2023-00008
FROM NOVEMBER 1, 2020 THROUGH	)	
OCTOBER 31, 2022	)	

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

Kentucky Power Company (Kentucky Power), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on November 3, 2023. The Commission directs Kentucky Power to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>1</sup> regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and 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

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<sup>1</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

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 or incomplete when made or, though correct or complete when made, is now incorrect or incomplete 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 and scanned 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 Alex E. Vaughan (Vaughan Direct Testimony), page 6, lines 10–11. Explain whether the Kentucky Power load zone is the same as the American Electric Power Company, Inc. (AEP) zone within PJM. If not, explain the differences between the two zones.

2. Refer to the Vaughan Direct Testimony, page 12, lines 20–22 and page 13, lines 1–2.

a. Explain whether the offer curve can be adjusted on an hour-by-hour basis such that an adder can be included for some hours, but not others.

b. Explain how the amount of an hourly adder is determined to influence when PJM may call upon either Mitchell unit to run.

c. In Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible, provide which hours over the two-year period an adder was included in each Mitchell unit offer curve

3. Refer to the Vaughan Direct Testimony, page 14, lines 7–13.

a. Explain which, if any, other AEP East affiliated units were included in the coal conservation increment strategy. Include in the response the owner of the unit.

b. Provide a list of the days over the two-year review period when the coal conservation increment strategy was implemented.

c. Provide a list of the days over the review period when the offer strategy directly avoided a forced outage that would have been precipitated by the coal inventory reaching or in danger of reaching its PJM 10-day level.

4. Refer to the Vaughan Direct Testimony, page 16, lines 1-4.

a. Explain whether the forward power purchases are purely financial in nature or whether Kentucky Power is actually taking delivery of energy during a proscribed time.

b. If Kentucky Power is actually taking delivery of energy, explain whether this was through a separate bilateral or other contract type.

c. Refer also to Kentucky Power's response to Staff's First Request for Information (Staff's First Request), Item 31. Assuming that the PJM AD HUB is not

sufficiently liquid and Kentucky Power purchases financial future contracts from adjacent zones or other liquid hubs, such as the PJM West HUB, explain what additional costs, if any, would be incurred for these transactions.

d. Explain whether any other regulated AEP affiliates are currently employing forward power purchases.

5. Refer to the Vaughan Direct Testimony, page 17, lines 13–14 and page 18, lines 1–3. Explain the critical issue fast path as Kentucky Power understands it and the potential policy and operational impacts.

6. Refer to the Direct Testimony of Kimberly K. Chilcote (Chilcote Direct Testimony), page 7, Table 1 and lines 1–7.

a. For the two-year review period, provide, in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible, an update to Table 1 illustrating each coal contract that had to be amended, whether the coal was high sulfur or low sulfur, the reason for the contract amendment, the periods during which no coal was delivered per the contract and the periods during which the coal-pile inventory was at or in danger of reaching the PJM 10-day level such that the coal conservation increment strategy was implemented.

b. Refer also to Kentucky Power's response to for Staff's First Request, Item 14, Attachment 1. Provide, in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible, an update to Attachment 1 to show over the two-year review period the amounts of coal delivered during Mitchell unit outages or reserve shutdowns. Include in the response whether the coal-pile inventory was at or in danger of reaching the PJM 10-day inventory level.

7. Refer to the Chilcote Direct Testimony, page 9, lines 7–12. If Kentucky Power had received all the coal (both short term and long term) in a timely fashion during

8. the two-year review period for which Kentucky Power had contracted, explain whether there would have been a need to seek additional supplies.

9. Refer to the Direct Testimony of Scott E. Bishop (Bishop Direct Testimony), page 6, Table SEB-1. Provide in excel format with cells visible and unprotected an update to the table adding in each generation unit's monthly capacity factor.

10. Refer to the Bishop Direct Testimony, page 7, lines 6–10.

a. Explain whether Kentucky Power has received customer complaints regarding the volatility of the fuel component in driving volatility of their overall bill.

b. Explain the extent to which customers, especially residential customers, take advantage of Kentucky Power's budget billing program as a method of alleviating volatility.

11. Refer to the Bishop Direct Testimony, page 8, Table SEB-2, and page 9, lines 19–22. Refer also to Case No. 2022-00263,<sup>2</sup> Kentucky Power's response to Staff's First Request, Item 15.

a. February 2022 has a monthly fuel rate of 4.110 cents per kWh. Explain why this month is not a better representation of the two-year average of 4.111 cents per kWh.

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<sup>2</sup> Case No. 2022-00263, *An Electronic Examination of The Application of the Fuel Adjustment Clause of Kentucky Power Company from November 1, 2021 Through April 30, 2022.*

b. September 2021 has a monthly fuel rate of 3.446 cents per kWh. Since this rate is closest to the average forecasted fuel rate, explain why this monthly historical rate is not the most reasonable for use as the new base fuel rate.

c. Explain how the final evaluated future coal prices for both low sulfur [REDACTED] and high sulfur coal [REDACTED] found in Kentucky Power's response to Staff's First Request, Item 4, Confidential Attachment 1, compare to the coal price forecasts supporting forecast fuel cost in Table SEB-2.

12. Refer to the Bishop Direct Testimony, page 9, lines 19–23. Refer also to Case No. 2022-00263, Kentucky Power's response to Staff's First Request, Item 15. Big Sandy 1 had a forced outage on January 19, 2022. Explain the significance of the number of forced outages as opposed to the number of maintenance outages and reserve shutdowns in determining the reasonableness of using January 2022 as the closest month to the historical two-year average.

13. Refer to the direct testimony of Douglas H. Rosenberger, page 6, lines 1–10. Explain when the stay plates had last been inspected and how often stay plates and associated parts should be inspected.

14. Refer to Kentucky Power's response to Staff's First Request, Item 2, Attachment 1.

a. Explain the meaning of "non-ratable shipment volumes" and why the companies agreed for non-ratable shipment volumes.

b. Explain how coal shipments from Ohio counties reach the Mitchell station.

15. Refer to Kentucky Power's response to Staff's First Request, Items 3c and 3d.

a. The target inventory levels do not agree. Explain whether the target levels in 3c or 3d are correct.

b. Since the high sulfur burn at Mitchell is roughly 46 percent higher than the low sulfur burn, explain why the target inventory levels have both been set at the same level.

16. Refer to Kentucky Power's response to Staff's First Request, Item 4, Attachments 1 and 2. For low sulfur coal purchases, Attachment 1 lists the maximum sulfur content at 1.67 pounds. Attachment 2 lists a purchases in 2022 and 2023 with 2.50 pounds sulfur each. Explain the rationale for exceeding purchase guidelines.

17. Refer to Kentucky Power's response to Staff's First Request, Item 14, Attachment 1. Previously, in addition to listing reasons for unit outages, Kentucky Power has listed "reserve shutdown" as an instance when a unit is offline.

a. Explain whether a unit in reserve shutdown is consuming fuel.

b. Explain the rationale for deciding whether or not to place a unit into reserve shutdown and how long to maintain that designation. Include in the explanation whether PJM approves that designation in the same manner as with planned or maintenance outages.

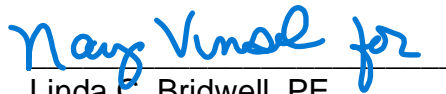
18. Refer to Kentucky Power's response to Staff's First Request, Item 15, Attachment 1. For May and August of 2022, Mitchell 1 and 2 both have similarly high availability factors. Explain the large differences in the respective capacity factors. Include in the response a cross-reference to any information already in the record.

19. Refer to Kentucky Power's response to Staff's First Request, Item 17, Attachment 1.

a. Explain the rationale for switching the commitment status of the Big Sandy 1 Unit from Must Run to Economic.

b. On May 10, 2022, Mitchell 1 went from Economic to Must Run commitment status. Explain the apparent unit de-rate and rationale for the hourly operational maximum and minimum ranges.

c. On May 12, 2022, when Mitchell 1 went from Must Run to Economic commitment status, the generation range did not change. Explain the rationale for the change in commitment status.

  
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DATED     OCT 19 2023    

cc: Parties of Record

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