

COMMONWEALTH OF KENTUCKY
BEFORE THE
PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF

AN EXAMINATION OF THE APPLICATION)
OF THE FUEL ADJUSTMENT CLAUSE OF)
KENTUCKY POWER COMPANY FROM) CASE NO. 2013-00261
NOVEMBER 1, 2012 THROUGH APRIL 30, 2013)

KENTUCKY POWER COMPANY RESPONSE TO
COMMISSION STAFF'S OCTOBER 16, 2013 POST HEARING DATA
REQUEST

October 22, 2013

Kentucky Power Company

REQUEST

Please refer to pages 3 and 4 of the "LSE/OSS Allocation Analysis" provided to Staff at the October 7, 2013 Informal Conference with Staff. Does the Company agree that KRS 278.225 prohibits the Company from recovering any misallocated charges otherwise recoverable through Tariff S.S.C. more than two years after the service is rendered?

RESPONSE

Yes, with two clarifications. First, PJM expenses incurred in one month are applied to bills rendered two month later. For example, the September 2011 PJM expenses would have been applied to bills rendered in November 2011. Since the Company bills on a cycle basis, the service rendered is split between the first and second subsequent month following the expense month. Continuing with our example above, September 2011 PJM expenses will be split between service rendered in October and November 2011 due to cycle billing.

Second, upon discovering the misallocation the Company elected to inform the Commission of the issue and to await its Order in this proceeding in lieu of immediately billing customers the additional PJM expenses. Because the Company otherwise could have billed the Company's customers no later than September 27, 2013, the date the Company filed its motion for an informal conference addressing this matter, the Company requests that the Commission treat the Company's bills recovering the misallocated PJM expenses relating to off-system sales as having begun being rendered for purposes of KRS 278.225 on September 27, 2013.

Assuming the Commission accepts the Company's request that its bills issued to recover the misallocated PJM off-system sales expenses be treated as having been rendered beginning on September 27, 2013, the misallocated PJM expenses to be recovered through Tariff S.S.C. would be those expenses incurred from July 2011 through June 2013. Cycle 1 for the billing month of September 2011 was August 29th, thus it would have started the cycle of using July 2011 PJM expenses and all expenses on the "LSE/OSS Allocation Analysis" still to be recovered through the OSS (\$413,441.63) would fall within the time limitation of KRS 278.225.

WITNESS: Ranie K Wohnhas