

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

Application Of Kentucky Power Company For:)
(1) A General Adjustment Of Its Rates For Electric)
Service; (2) An Order Approving Its 2014)
Environmental Compliance Plan; (3) An Order) **Case No. 2014-00396**
Approving Its Tariffs And Riders; And (4) An)
Order Granting All Other Required Approvals)
And Relief)

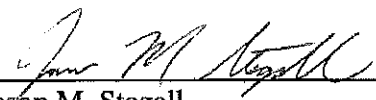
REBUTTAL TESTIMONY OF

JASON M. STEGALL

ON BEHALF OF KENTUCKY POWER COMPANY

VERIFICATION


The undersigned, Jason M. Stegall, being duly sworn, deposes and says he is the a Regulatory Consultant for American Electric Power Service Corporation and that he has personal knowledge of the matters set forth in the forgoing testimony and the information contained therein is true and correct to the best of his information, knowledge and belief.



Jason M. Stegall

STATE OF OHIO)
) Case No. 2014-00396
COUNTY OF FRANKLIN)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Jason M. Stegall, this the 27th day of April 2015.



Notary Public



Ann Dawn Clark
Notary Public-State of Ohio
My Commission Expires
November 16, 2015

My Commission Expires: November 16, 2015

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**REBUTTAL TESTIMONY OF
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I. INTRODUCTION

1 **Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.**

2 A. My name is Jason M. Stegall. My business address is 1 Riverside Plaza,
3 Columbus, Ohio. I currently hold the position of Regulatory Consultant in the
4 Regulated Pricing and Analysis department for the American Electric Power
5 Service Corporation (“AEPSC”), a subsidiary of American Electric Power
6 Company, Inc. (“AEP”).

7 **Q. ARE YOU THE SAME JASON M. STEGALL WHO PREVIOUSLY FILED**
8 **DIRECT TESTIMONY IN THIS PROCEEDING ON BEHALF OF**
9 **KENTUCKY POWER COMPANY?**

10 A. Yes, I am.

II. PURPOSE OF REBUTTAL TESTIMONY

11 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS**
12 **PROCEEDING?**

13 A. My rebuttal testimony responds to the recommendation of Kentucky School
14 Board Association (KSBA) witness Ronald Willhite to establish a new Large
15 General Service (LGS) Schools tariff and the statements he made in support of his
16 recommendation. For the reasons I discuss in more detail below, I recommend
17 the Commission reject Mr. Willhite’s proposal.

III. THE PROPOSED TARIFF LGS-SCHOOL IS NOT REQUIRED

1 Q. DOES MR. WILLHITE ACCURATELY DESCRIBE THE RATE
2 STRUCTURE FOR THE COMPANY'S EXISTING TARIFF LGS?

3 A. No. First, on page 8, line 13 of his testimony, he wonders "why schools are
4 served on the same rates schedule as industrial and business customers."
5 However, the Company has already clearly indicated on First Revised Sheet No.
6 9-1 of its tariff book that customers served on the LGS rate schedule are those
7 with demands greater than 100 kW but less than or including 1,000 kW.

8 Second, contrary to Mr. Willhite's apparent belief that non-school Tariff
9 L.G.S. customers have identical energy usage characteristics that are both
10 constant and uniform among customers, customers taking service under Tariff
11 L.G.S. have varying energy usage characteristics. Customers taking service under
12 Tariff L.G.S. include schools with load factors that comport with the usage profile
13 Mr. Willhite identifies in his testimony, schools with higher load factors, which
14 indicate a more sustained energy usage than those described in Mr. Willhite's
15 testimony, and non-school customers with both low and high load factors.

16 Finally, Mr. Willhite attempts to contrast LGS customers who operate
17 multiple shifts at a plant, stores operating well into the evening, and schools. Any
18 distinction among these customers taking service under Tariff L.G.S. relates only
19 to energy usage, not demand. These customers, regardless of the purpose for their
20 energy usage, pay for the energy they use separate from the billing demand they
21 impose on the system. For example, a school with a billing demand of 500 kW
22 and a factory with a billing demand of 500 kW would both pay the same demand

1 charge although the factory, assuming it runs multiple shifts, would pay a larger
2 energy charge because it uses more energy.

3 **Q. MR. WILLHITE SUGGESTS A PRODUCTION DEMAND ALLOCATION**
4 **METHOD DIFFERENT FROM THE 12 CP METHOD USED IN THE**
5 **CLASS COST-OF-SERVICE STUDY. DO YOU AGREE?**

6 A. No. While Mr. Willhite is correct in identifying the Company as a winter peaking
7 utility, he ignores the fact that the Company participates in PJM and that PJM sets
8 its capacity obligation in the summer. Therefore, the Company must incorporate
9 summer demands in its planning and a demand allocation that includes summer
10 months is more appropriate.

11 Further, Mr. Willhite fails to recommend a different demand allocation
12 method for the Company to utilize for production plant. The Company's 12 CP
13 production demand allocation method properly assigns demand related costs.

14 **Q. IS MR. WILLHITE CORRECT IN HIS STATEMENT THAT**
15 **"SCHOOLS ARE LIKELY TO BE CLOSED ON WINTER KPC DAYS"?**

16 A. Almost all counties in the Company's service territory were closed during the
17 January and March 2014 peak days. However, when examining metered demand
18 for these customers in aggregate, the metered demand is relatively constant from
19 December 2013 through March 2014. This makes it appear that there is no
20 noticeable effect of closing the schools, especially since the company uses a 12
21 CP demand allocation. The additional load research we propose would provide a
22 more definitive answer.

1 **Q. DOES THE COMPANY AGREE WITH MR. WILLHITE'S**
2 **RECOMMENDATION TO ESTABLISH AN LGS TARIFF FOR**
3 **SCHOOLS?**

4 A. No. The Company believes that the schools currently served under the LGS tariff
5 should continue to be served under this tariff as long as their demands remain
6 within the boundaries established.

7 **Q. IS THE COMPANY WILLING TO EVALUATE THE NEED FOR AN LGS**
8 **SCHOOL TARIFF?**

9 A. The Company is willing to begin the necessary steps to evaluate the need for an
10 LGS Schools tariff. The Company believes this should be done as part of a
11 separate filing because it requires load research in order to properly study the
12 composite load profile generated by the schools. Also, because the load research
13 would be incremental to the Company's existing load research functions, the
14 schools should be required to pay the additional cost.

15 **Q. WOULD THE ADDITION OF AN LGS SCHOOL TARIFF RESULT IN**
16 **LOWER BILLS FOR SCHOOL CUSTOMERS?**

17 A. The effect on customers' bills cannot be determined until the necessary load
18 research has been conducted and a new Class Cost-of-Service study is developed
19 using the load research data.

20 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

21 A. Yes.