

**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 Service; (2) An Order	)	
Approving Its 2017 Environmental Compliance	)	
Plan; (3) An Order Approving Its Tariffs And	)	
Riders; (4) An Order Approving Accounting	)	Case No. 2017-00179
Practices To Establish A Regulatory Asset Or	)	
Liability Related To The Big Sandy 1 Operation	)	
Rider; And (5) An Order Granting All Other	)	
Required Approvals And Relief	)	

**Motion For Leave To Deviate**

Kentucky Power Company moves the Public Service Commission of Kentucky pursuant to 807 KAR 5:001, Section 22 for leave to deviate from the requirements of 807 KAR 5:001, Section 12(1)(a), and all other applicable provisions, prescribing the use of a test year ending “not more than 90 days prior to the date the application is filed.” Kentucky Power seeks leave to file its application for a general adjustment of its rates, approval of its 2017 Environmental Compliance Plan, and certain ancillary relief no more than 120 days after (on or before June 28, 2017) the end of its proposed test year on February 28, 2017. Kentucky Power acknowledges the extraordinary nature of its request. The additional 30 days will enable Kentucky Power to scrutinize its application further to minimize the risk of any errors that could distract from the review of the filing.

Kentucky Power further requests a deviation pursuant to 807 KAR 5:001, Section 22 from the requirements of 807 KAR 5:001, Section 16(2) to permit Kentucky Power to file its application up to 63 days after the Company filed its April 26, 2017 notice of intent.

Kentucky Power's motion presents a special case and good cause exists for the requested deviations.

A. Background.

1. Kentucky Power on April 26, 2017 filed its notice of intent to file an application for a general adjustment of its rates, for approval pursuant to KRS 278.183 of its 2017 Environmental Compliance Plan, and certain ancillary relief. The notice of intent indicated the Company's application would be supported by a historical test year ending February 28, 2017. 807 KAR 5:001, Section 12(1)(a) requires that any application be accompanied by a financial exhibit that covers operations for a twelve-month period that ends no later than 90 days before the date of the application. The Company prepared a financial exhibit covering the twelve-month period coinciding with the test year ending February 28, 2017. Kentucky Power's application must be filed on or before May 29, 2017 to meet the 90-day requirement. The Company planned to file its application May 26, 2017.

2. The Commission indicated the need for all filings to be well-vetted. Kentucky Power is examining its procedures, and plans to institute additional reviews of the Company's filings, including the application, and dedicate the resources necessary to minimize the potential for errors in the Company's submissions.

3. An additional 30 days for Kentucky Power to review and cross-check the application will benefit the Commission and the parties in their scrutiny of the ultimate filing. Kentucky Power is undertaking that review now and additional personnel have been enlisted to assist.

4. The preparation of rate case applications, like the proceedings that follow, “is a complex and lengthy procedure.”<sup>1</sup> Kentucky Power’s application seeks not only a general adjustment of its rates but also approval of its 2017 Environmental Compliance Plan. The application is supported by the testimony of 18 witnesses and comprises five volumes. Kentucky Power is proposing more than 57 adjustments to its test year data. Corrections to, or modifications of, one adjustment may affect other adjustments, as well as the testimony of multiple witnesses.

5. The preparation of an application as a whole must be completed within a limited period. Once the Company’s books are closed following the test year’s end, the Company must incorporate necessary revenue and operating expense adjustments, perform jurisdictional and class cost of service studies, evaluate the tax implications of the changes, and design rates that are fair, just, and reasonable.

6. To meet the publication schedule of the 20 newspapers of general circulation in the Company’s service territory, and the publication requirements of 807 KAR 5:011, Section 8(2)(b)(3), Kentucky Power was required to complete and submit to the Kentucky Press Association the notice specifying the proposed rates and related calculations approximately two and one-half weeks prior to the date the Company anticipated filing its application. The period between when the Company’s books close and the date the newspaper notice must be submitted is limited and the timing can be particularly challenging as many of the 20 newspapers in which notice is provided publish only once a week.

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<sup>1</sup> *Kentucky Public Service Commission v. Commonwealth, ex rel. Conway*, 324 S.W.3d 373, 380 (Ky. 2010) (quoting *Kentucky Public Service Commission v. Commonwealth, ex rel. Stumbo*, Case No. 2007-CA-001635-MR (Ky. Ct. App. 2008)).

7. The notice required by 807 KAR 5:011, Section 8(2)(b)(3) first was published the week of May 15, 2017. On May 19, 2017 Kentucky Power cancelled the second and third scheduled publications of the notice to permit adequate time to conduct another final review prior to submitting the application to the Commission. The prior notice indicates Kentucky Power intended to file its application on or before May 26, 2017. That no longer is the case; Kentucky Power now seeks the required deviations to permit it to file the application following the planned subsequent final review.

8. Following Kentucky Power's enhanced review of its application, Kentucky Power will publish within the time prescribed by Commission regulation the notice required by 807 KAR 5:011, Section 8(2)(b)(3). Kentucky Power will publish the notice for three consecutive weeks beginning at least one week prior to the filing of the Company's application. Kentucky Power will not seek recovery of the costs associated with the notices published the week of May 15, 2017, or the notice scheduled to be published May 23, 2017 that could not be cancelled.

B. Request For Deviation From 807 KAR 5:001, Section 12(1)(a).

9. There have been no extraordinary events since February 28, 2017 that would render a test year ending on that date unreliable or otherwise inappropriate for establishing the rates to be proposed by the Company in its application. Similarly, there have been no intervening changes in circumstances that would make the financial exhibit coinciding with the test year ending February 28, 2017 unreliable or otherwise inappropriate for the purposes of reviewing or testing Kentucky Power's application if the Company is permitted to file the application no later than June 28, 2017. Denial of the requested relief will not benefit the Commission's review of the Company's application and will waste the significant effort and costs invested in the preparation of the application based upon planned test year.

10. The Commission previously has authorized the filing an application supported by a financial exhibit more than 90 days after the end of the proposed historical test year.<sup>2</sup> The financial exhibits supporting the Company's application are based on a test year ending February 28, 2017 and reflect the test year operations upon which the Company's proposed adjustments are premised. The use of a financial exhibit for the same period as the Company's proposed test year and corresponding adjustments permits the analysis of comparable data and will aid the Commission and the intervenors in their review of Kentucky Power's application.<sup>3</sup>

11. Granting Kentucky Power's motion to use a financial exhibit that covers a test year ending 120 days prior to the expected filing date of the Company's application will not prejudice the Commission or any of the intervenors, and will further Kentucky Power's commitment to limit errors in its filings.

12. Kentucky Power's motion presents a special case and good cause exists for granting the requested relief.

B. Request For Deviation From 807 KAR 5:001, Section 16(2).

13. 807 KAR 5:001, Section 16(2) requires an applicant seeking a general adjustment of rates to file its notice of intent to file the required application at least 30 days but not more than 60 days prior to the date the application is filed.

14. Kentucky Power filed its notice of intent on April 26, 2017. The 60-day period for filing the application expires Sunday, June 25, 2017. Kentucky Power's request to file its

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<sup>2</sup> See *In the Matter of: Application Of Northern Kentucky Water District For Adjustment of Rates, Issuance Of Bonds And Tariff Changes*, Case No. 2010-00094 (Ky. P.S.C. July 14, 2010) (authorizing use of a test year ending December 31, 2009 in support of an application filed June 24, 2010.)

<sup>3</sup> See *id.*

application on or before June 28, 2017 means the application may be filed 63 days after the notice of intent was filed, or three days out of time. Kentucky Power's motion for leave to file its application up to 63 days after it filed its notice of intent will not prejudice the Commission, the intervenors, nor the Company's customers. Full public notice by publication in newspapers of general circulation in the Company's service territory will be given for three consecutive weeks beginning at least one week prior to the Company's proposed June 28, 2017 date for filing the Company's application. In addition, the requested deviation is necessary if the Company is to be granted the ability to utilize a financial exhibit that covers a test year ending 120 days prior to the expected filing date of the Company's application.

15. Kentucky Power's motion for a deviation presents a special case and good cause exists for granting the requested relief.

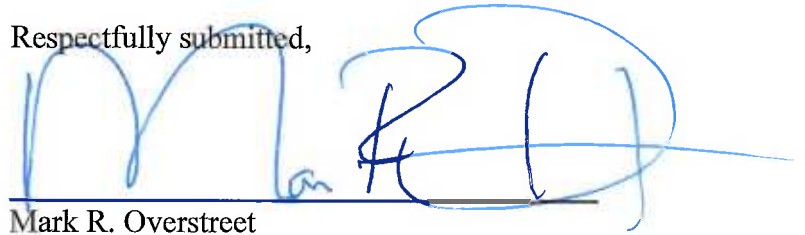
Wherefore Kentucky Power Company respectfully requests that the Commission enter an Order:

1. Granting the Company's motion for leave to deviate from 807 KAR 5:001, Section 12(1)(a) by authorizing Kentucky Power to file no later than June 28, 2017 its application for a general adjustment of its rates, approval of its 2017 Environmental Compliance Plan, and certain ancillary relief using a financial exhibit covering a test year ending February 28, 2017;

2. Granting the Company's motion for leave to deviate from the requirements of 807 KAR 5:001, Section 16(2) to permit Kentucky Power to file its application for a general adjustment of its rates, approval of its 2017 Environmental Compliance Plan, and certain ancillary relief no later than 63 days after filing its April 26, 2017 notice of intent; and

3. Granting such further relief to which the Company may be entitled.

Respectfully submitted,



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