

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

In the Matter of:

Electronic Application Of Kentucky Power)	
Company For (1) Approval Of Its Revised Terms)	
And Conditions Of Service Implementing New Bill)	Case No. 2017-00231
Formats; (2) An Order Granting All Other)	
Required Approvals And Relief)	

APPLICATION

Kentucky Power Company applies to the Public Service Commission of Kentucky pursuant to 807 KAR 5:001, Section 14, 807 KAR 5:006, Section 7, and 807 KAR 5:011, and any other applicable statutes and regulations, for an order granting: (1) approval of the revisions to Sheet 2-12 through Sheet 2-17 of the Company's Terms and Conditions of Service implementing new bill formats; and (2) all other required approvals and relief. In support of its Application, the Company states:

A. INFORMATION REGARDING THE APPLICANT.

1. The applicant's full name and post office address is: Kentucky Power Company, 855 Central Avenue, Suite 200, Ashland, Kentucky 41101.¹ The Company's electronic mail address is kentucky_regulatory_services@aep.com.

2. Kentucky Power is a corporation organized on July 21, 1919 under the laws of the Commonwealth of Kentucky. The Company is in good standing in Kentucky.²

¹ Kentucky Power's Regulatory Services office is located at 101A Enterprise Drive, P.O. Box 5190, Frankfort, Kentucky 40602-5190.

² A certified copy of the Company's Articles of Incorporation and all amendments thereto was attached to the Joint Application in *In the Matter Of: The Joint Application Of Kentucky Power Company, American Electric Power Company, Inc. And Central And South West Corporation Regarding A Proposed Merger*, P.S.C. Case No. 99-149. The Company's June 2, 2017 Certificate of Existence is filed as **EXHIBIT 1** to this Application.

3. Kentucky Power Company is a public utility principally engaged in the provision of electricity to Kentucky consumers. The Company generates and purchases electricity which it distributes and sells at retail to approximately 168,000 retail customers located in all, or portions of, the Counties of Boyd, Breathitt, Carter, Clay, Elliott, Floyd, Greenup, Johnson, Knott, Lawrence, Leslie, Letcher, Lewis, Magoffin, Martin, Morgan, Owsley, Perry, Pike, and Rowan. The Company also furnishes electric service at wholesale to the City of Olive Hill and the City of Vanceburg.

4. Kentucky Power is a direct, wholly-owned subsidiary of American Electric Power Company, Inc. ("AEP").

B. PROPOSED REVISIONS TO KENTUCKY POWER'S BILL FORMAT.

5. Beginning April 2015 Kentucky Power and the other AEP operating companies initiated a review of their billing correspondence. The review sought to determine what information customers most wanted on their billing correspondence and in what format customers wanted the information presented.

6. Kentucky Power also met with customers beginning in late 2016 across its service territory regarding their billing and other concerns.

7. Kentucky Power's current residential bill individually calculates and displays up to 15 separate charges:

- (a) Rate Billing
- (b) Fuel Adjustment Clause
- (c) Demand-Side Management Adjustment Factor
- (d) Residential Home Energy Assistance Program Charge
- (e) Kentucky Economic Development Surcharge
- (f) Capacity Charge
- (g) Big Sandy 1 Operation Rider

- (h) Environmental Surcharge
- (i) Big Sandy Retirement Rider
- (j) Purchased Power Adjustment
- (k) Green Pricing Option
- (l) School Tax
- (m) Franchise Fee
- (n) State Sales Tax
- (o) HomeServe Warranty

Commercial and industrial customer bills contain up to 13 billing line items.

8. The billing correspondence redesign consists of two parts. First, Kentucky Power proposes to combine certain of the billing line items that now appear on its billing correspondence into a single line item denominated "Rate Billing." Second, Kentucky Power and the other AEP operating companies are redesigning their billing correspondence to present the information on the billing correspondence in a more easily located fashion by using a more understandable format.

(a) Combination Of Billing Line Items

9. The Company proposes to combine certain residential billing line items so that the existing 15 residential customer billing correspondence line items will be reduced to no more than eight billing line items. Specifically, Kentucky Power proposes to combine Rate Billing, the Residential Home Energy Assistance Program Charge, the Kentucky Economic Development Surcharge, the Capacity Charge, the Big Sandy 1 Operation Rider, the Big Sandy Retirement Rider, the Purchased Power Adjustment, and the Green Pricing Option (if applicable) into a single "Rate Billing" line item. The Fuel Adjustment Clause, the Demand-Side Management Factor, the Environmental Surcharge, School Tax (if applicable), Franchise Fee (if applicable), State Sales Tax (if applicable), and HomeServe Warranty program charges (if applicable) will continue to be displayed as individual billing line items.

10. The Home Energy Assistance Program and HomeServe Warranty program charges are not applicable to commercial and industrial customers and currently do not appear on billing correspondence issued to these customers. With this exception, Kentucky Power proposes to combine line items on the billing correspondence issued to Kentucky Power's commercial and industrial customers in the same fashion as they will be combined on residential customer billing correspondence. The Fuel Adjustment Clause, the Demand-Side Management Factor (if applicable), the Environmental Surcharge, School Tax (if applicable), Franchise Fee (if applicable), State Sales Tax (if applicable), will continue to be displayed as individual billing line items.

11. Kentucky Power is combining line items on its billing correspondence in specific response to concerns raised by the Company's customers. Kentucky Power's customers indicated that the number of billing line items was unhelpful and rendered the Company's billing correspondence difficult to understand. Customers asked the Company to simplify the presentation of charges on the Company's bills.

12. The billing line item detail varies among the AEP operating companies. Kentucky Power is proposing to combine the identified billing line items in response to the concerns voiced by its customers.

(b) Revised Billing Format

13. Kentucky Power, in conjunction with the other AEP operating companies, also proposes to improve the layout and composition of its billing correspondence to:

- Enhance the presentation of the information displayed in the bill.
- Give the bill a clean and more easily useable appearance.

- Make it easier for customers to identify and understand the information presented.

The new format is less cluttered and the use of color makes identifying important information easier.

14. Mock-up billing forms for residential, commercial (Small General Service), and industrial (Large General Service) customers are filed as EXHIBITS 2-4 of this application.

C. REGULATORY COMPLIANCE.

15. The revised billing format contains the information required by 807 KAR 5:006, Section 7(1)(a).

16. 807 KAR 5:006, Section 7(1)(a)(9) requires that “each bill for utility service issued periodically by a utility shall clearly show” “adjustments, if applicable.” Kentucky Power’s revised billing format displays as individual line items the following adjustments: Fuel Adjustment Clause, Environmental Surcharge, Demand-Side Management Factor, as well as any applicable charges for School Taxes, State Sales Taxes, and Franchise Fees. In addition, to the extent applicable, charges for the HomeServe Home Warranty program will continue to be displayed individually as a “below-the-line” charge on residential customer billing correspondence.

17. To the extent the Residential Home Energy Assistance Program Charge, the Kentucky Economic Development Surcharge, the Capacity Charge, the Big Sandy 1 Operation Rider, the Big Sandy Retirement Rider, the Purchased Power Adjustment, and the Green Pricing Option (if applicable), which will be combined with the Rate Billing Charge, constitute “adjustments” within the meaning of 807 KAR 5:006, Section 7(1)(a)(9), Kentucky Power requests leave pursuant to 807 KAR 5:006, Section 28 to deviate from the regulation’s

requirements. Bill simplification and meeting the requests of the Company's customers to reduce the number of billing line items constitute good cause for the requested deviation.

D. TESTIMONY.

18. Kentucky Power's application is supported by the testimony of Stephen L. Sharp.

E. REVISED TARIFF SHEETS 2-12 THROUGH 2-17.

19. Revised Tariff Sheets 2-12 through 2-17 implementing the proposed billing format changes are filed with this Application as EXHIBIT 5.

F. REQUESTED DATE FOR ORDER.

20. The new billing format is scheduled to be implemented December 1, 2017 by all AEP operating companies. Kentucky Power requests that the Commission issue its final Order in this proceeding no later than September 15, 2017. Doing so will provide sufficient time to implement and test the proposed IT and other changes prior to December 1, 2017.

21. Kentucky Power further requests that in the event the Company's application is granted that it be permitted to file its conforming tariff sheets coincident with the planned implementation of the changes on December 1, 2017 and that the new billing format be applicable to bills rendered on or after that date.

WHEREFORE, Kentucky Power Company respectfully requests the Kentucky Public Service Commission of Kentucky to enter an Order on or before September 15, 2017:

1. Approving revised Tariff Sheets 2-12 through 2-17;
2. Approving, to the extent required, the Company's modified billing format;
3. Granting to the extent required leave to deviate from the requirements of 807

KAR 5:006, Section 7(1)(a)(9);

4. Permitting Kentucky Power to file conforming tariff sheets on December 1, 2017; and
5. Granting such further relief to which the Company may be entitled.

Respectfully submitted,



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