

**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)	

Kentucky Power Company’s Motion For Partial Rehearing

Kentucky Power Company respectfully moves the Public Service Commission of Kentucky pursuant to KRS 278.400 for rehearing of the Commission’s July 17, 2017 Order consolidating Kentucky Power’s request in Case No. 2017-00231 to implement a new billing format (“Bill Format Case”) with its recent application in Case No. 2017-00179 for an adjustment of general rates and other relief (“Rate Case”).¹ Unless Kentucky Power is able to implement the proposed billing format changes beginning in December 2017 in conjunction with the other AEP operating companies, Kentucky Power, and ultimately its customers, will incur more than \$50,000 in incremental and otherwise unnecessary software programming and related costs required to maintain its existing bill format. As addressed below, under both the Company’s request for rehearing, and its alternative request for relief, the issue of whether Kentucky Power will be authorized to combine certain billing line items will be addressed in the Rate Case.

The Company seeks rehearing for the limited purpose of requesting that the Commission amend its Consolidation Order to retain as part of this proceeding that portion of the Company’s

¹ Order, *In the Matter of: Application Of Kentucky Power Company for (1) Approval of its Revised Terms and Conditions of Service Implementing New Bill Formats; (2) an Order Granting All Other Required Approvals and Relief*, Case No. 2017-00231 (Ky. P.S.C., July 17, 2017) (“Consolidation Order.”) A copy of the Consolidation Order is included as **EXHIBIT 1**.

application seeking to amend those portions of Tariff Sheets 2-12 through 2-17 modifying the layout and composition of its billing correspondence. Kentucky Power *does not* seek rehearing of that portion of the Commission's Consolidation Order consolidating with the Rate Case that portion of the Company's Bill Format Case seeking authority to combine certain billing line items.

In the alternative, if the Commission denies Kentucky Power's request to grant partial rehearing to retain in this proceeding that portion of its application seeking authority to modify the layout and composition of its billing correspondence, the Company requests that the Commission amend its Consolidation Order to indicate that it will issue an interlocutory order in the Rate Case addressing the Company's request to modify the layout and composition of its bill correspondence no later than September 15, 2017. Under this alternative request, that portion of the Company's application seeking authority to combine certain billing line items would be addressed in the Commission's final Order in the Rate Case.

A. The Bill Format Case

Kentucky Power filed the Bill Format Case on June 12, 2017, requesting Commission approval of revisions to its bill format. In particular, Kentucky Power sought Commission approval for two distinct changes to the Company's billing correspondence: (1) a change in the layout and composition of the billing correspondence (i.e. how the bills look)² and (2) the combination of certain billing line items.³ Customers across the AEP system have been requesting a change in bill formats, and the requested changes to Kentucky Power's bill format are part of an AEP-wide bill format change scheduled to debut in December 2017.⁴ Kentucky

² Bill Format Case Application at 4-5.

³ *Id.* at 3-4.

⁴ *Id.* at 6; Sharp Direct Testimony at 7.

Power requested an order approving the proposed changes no later than September 15, 2017.⁵ An order is needed by this date to ensure that Kentucky Power is included in the system-wide bill format conversion process.⁶ Failure to implement the system-wide changes to the layout and composition of the layout and composition of Kentucky Power's billing format concurrently with the other AEP operating companies will result in the loss of the economies of scale associated with being a part of the AEP system-wide changes, and result in Kentucky Power incurring additional, otherwise unrequired, expense.⁷

On June 20, 2017, the Commission entered an order granting the Attorney General full intervention in the Bill Format Case.⁸ The Attorney General was the only party to intervene in the Bill Format Case. On July 13, 2017, the Attorney General filed a motion seeking to consolidate the Bill Format Case with the Rate Case. On July 17, 2017, the Commission, without reference to the Attorney General's consolidation motion, issued the Consolidation Order.

B. The Rate Case

On June 28, 2017, Kentucky Power filed the Rate Case. In the Rate Case, Kentucky Power seeks the following: (1) a general adjustment of its rates for electric service; (2) approval of its 2017 Environmental Compliance Plan; (3) approval of its tariffs and riders; and (4) approval of accounting practices to establish regulatory assets and liabilities.⁹ Kentucky Power's

⁵ *Id.*

⁶ Sharp Direct Testimony at 7.

⁷ Sharp Supplemental Testimony at 3.

⁸ Order, *In the Matter of: Application Of Kentucky Power Company for (1) Approval of its Revised Terms and Conditions of Service Implementing New Bill Formats; (2) an Order Granting All Other Required Approvals and Relief*, Case No. 2017-00231 (Ky. P.S.C. July 13, 2017)

⁹ Rate Case Application at 1.

application in the rate case includes five volumes of supporting materials and is supported by the testimony of eighteen witnesses.

Currently two parties, the Attorney General and Kentucky Industrial Utilities Customers, Inc. (“KIUC”), have sought and been granted intervention by the Commission. Eight additional parties have pending motions for intervention before the Commission for a total of ten potential intervenors in the Rate Case. On July 17, 2017, the Commission issued a Procedural Schedule Order¹⁰ in the Rate Case establishing the following deadlines:

Data requests must be served on Kentucky Power	August 14, 2017
Kentucky Power responses to data requests due	August 28, 2017
Supplemental data requests must be served on Kentucky Power	September 8, 2017
Kentucky Power responses to supplemental data requests due	September 20, 2017
Intervenor testimony due	October 3, 2017
Data requests must be served on Intervenor	October 17, 2017
Intervenor responses to data requests due	October 27, 2017
Kentucky Power rebuttal testimony due	November 3, 2017

In the Procedural Schedule Order, the Commission suspended the effective date of the rates proposed by the Company for five months up to and including January 18, 2018.¹¹ A date for a hearing in the Rate Case was not established in the Procedural Schedule Order. As set forth in the Procedural Schedule Order, discovery in the Rate Case will not be complete by the date Kentucky Power requested an order in the Bill Format Case.

¹⁰ Order, *In the Matter of: Electric 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 Practices to Establish Regulatory Assets and Liabilities; and (5) an Order Granting All Other Required Approvals and Relief*, Case No. 2017-00179 (Ky. P.S.C. July 17, 2017) (“Procedural Schedule Order”).

¹¹ Procedural Schedule Order at 2.

C. Costs Associated with Delaying the Bill Format Change

Kentucky Power's proposed bill format change is a part of a larger, AEP-wide bill correspondence conversion.¹² Because bills are prepared and printed centrally for all AEP operating companies, AEP planned the conversion process to take place concurrently for all operating companies to maximize efficiency, reduce the cost of conversion, and to avoid the duplicate cost of maintaining both the new billing system and maintaining the legacy billing system.¹³ The conversion process is scheduled to take 8-10 weeks to complete and will require that AEP's Information Technology ("IT") Department make programming changes to the billing software, install new printers, and perform testing and troubleshooting to correct any issues with the new bill format.¹⁴ The AEP-wide bill format conversion is scheduled to debut in December 2017.¹⁵

To ensure there is adequate time for Kentucky Power to be a part of the system-wide conversion process, an order approving the change is needed by September 15, 2017.¹⁶ If Kentucky Power does not receive Commission approval in time to implement the bill format conversion concurrently with the other AEP operating companies, the 8-10 week implementation process for the Company's billing cannot begin until after the changes for the other operating companies are complete in December 2017.¹⁷

If Kentucky Power is unable to complete the bill format conversion concurrently with the other AEP operating companies, the Company will incur additional IT costs of approximately

¹² Bill Format Application at 6; Sharp Direct Testimony at 7.

¹³ Sharp Direct Testimony at 7.

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Id.*

\$53,000.¹⁸ These costs would be incurred to establish a legacy billing operation for Kentucky Power while the system-wide billing software and printer configurations are modified to permit the remainder of the operating companies to implement the new billing format.¹⁹ Additionally, once Kentucky Power converts to the new bill format, IT personnel would have to again modify the billing software and printer configurations to enable the Company to move forward with the new correspondence.²⁰ The Company also anticipates that it may incur additional printer and paper stock costs as a result of its use of the old bill correspondence format.²¹

These additional costs would only be incurred if the Company is not authorized to change the layout and composition of its billing correspondence concurrently with the other AEP operating companies.²² The timing of the Company's combination of billing line items will not affect costs.²³

D. The Commission Should Grant Limited Rehearing to Review the Company's Request to Change the Layout and Composition of Its Bill Correspondence.

Rehearing is appropriate to review "new evidence not readily discoverable at the time of the original hearing."²⁴ Here, there was no hearing. There was no opportunity for the Company to respond to the Attorney General's motion for consolidation. There was no opportunity for the Company to present evidence in response to the Attorney General's motion regarding the costs associated with failing to change the layout and composition of the bill correspondence concurrently with other AEP operating companies prior to the Commission's issuance of the

¹⁸ Sharp Supplemental Testimony at 3.

¹⁹ *Id.*

²⁰ *Id.* at 3-4.

²¹ *Id.* at 4.

²² *Id.* at 4-5.

²³ *Id.*

²⁴ Order, *In the Matter of: Joint Application of Kenergy Corp and Big Rivers Electric Corporation for Approval of Contracts and for a Declaratory Order* at 4, Case No. 2013-00413 (Ky. P.S.C. March 14, 2014)

Consolidation Order. That evidence shows that limited rehearing for the purpose of reviewing the Company's request to change the layout and composition of its bill correspondence is appropriate.

The Company is not seeking rehearing of that portion of the Commission's Consolidation Order that had the effect of consolidating with Rate Case that portion of its application in this proceeding seeking authority to combine billing line items under the Bill Format Case. Including review of the Company's billing line item combination request in the Rate Case will not result in additional costs to the Company and its customers.

In the alternative, if the Commission does not grant the Company's request for limited rehearing, the Company requests that the Commission grant rehearing to amend its Consolidation Order to indicate that it will issue an interlocutory order in the Rate Case addressing the Company's request to modify the layout and composition of its bill correspondence no later than September 15, 2017. Such alternative relief is consistent with the proposal made by the Attorney General in his motion to consolidate that was superseded by the Commission's Consolidation Order.

WHEREFORE, Kentucky Power Company respectfully requests the Commission to enter an Order:

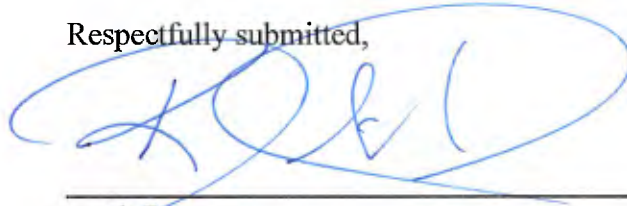
1. Granting limited rehearing to amend the Consolidation Order to retain as part of this proceeding that portion of the Company's application seeking to amend those portions of Tariff Sheets 2-12 through 2-17 modifying the layout and composition of its billing correspondence;

2. In the alternative, granting rehearing to amend its Consolidation Order to indicate that it will issue an interlocutory order in the Rate Case addressing the Company's request to

modify the layout and composition of its bill correspondence no later than September 15, 2017;
and

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

Respectfully submitted,



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EXHIBIT 1

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)	CASE NO.
SERVICE IMPLEMENTING NEW BILL)	2017-00231
FORMATS; (2) AN ORDER GRANTING ALL)	
OTHER REQUIRED APPROVALS AND RELIEF)	

ORDER

On June 12, 2017, Kentucky Power Company (“Kentucky Power”) filed an application requesting approval to revise its tariffs to implement new bill formats. On July 12, 2017, Kentucky Power filed its application in Case No. 2017-00179¹ requesting, among other things, approval to increase its electric rates. Because the determination in Case No. 2017-00179 could have a bearing on the issues raised in the instant matter, the Commission finds that this matter should be combined into Case No. 2017-00179 pursuant to 807 KAR 5:001, Section 4(14).²

IT IS HEREBY ORDERED that:

1. Pursuant to 807 KAR 5:001, Section 4(14), Case No. 2017-00231 shall be

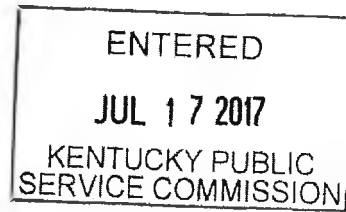
¹ Case No. 2017-00179, *Electronic Application of Kentucky Power Company for (1) A General Adjustment of its Rates for Electric Service; (2) An Order Approving its 2017 Environmental Compliance Plan; (3) An Order Approving its Tariffs and Riders; (4) An Order Approving Accounting Practices to Establish Regulatory Assets and Liabilities; and (5) An Order Granting All Other Required Approvals and Relief* (Application filed June 12, 2017).

² The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (“AG”), is the only intervenor in the instant matter. The AG is also an intervenor in Case No. 2017-00179.

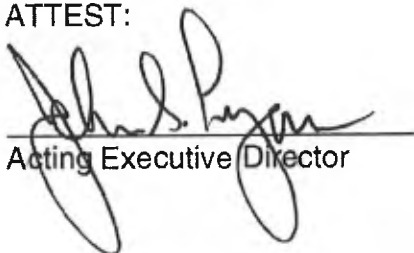
physically consolidated into Case No. 2017-00179 for the purpose of further investigating the issues raised therein.

2. Case No. 2017-00231 is closed and removed from the Commission's docket.

By the Commission



ATTEST:



Acting Executive Director

Case No. 2017-00231

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