

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

The matter is before the Commission upon Kentucky Power Company's ("Kentucky Power") motion requesting a partial rehearing of the Commission's July 17, 2017 Order, which consolidated this matter into Case No. 2017-00179.¹ Kentucky Power states that its instant application sought approval to change the layout and composition of its bills and approval to combine certain billing line items. Kentucky Power seeks rehearing of that part of the July 17, 2017 Order concerning its request to change the look of its bill. In support of its motion, Kentucky Power states that the proposed bill format change is part of a broader effort by its parent company, American Electric Power Company, Inc. ("AEP), to revise the bill formats of all of the AEP operating companies. Kentucky Power points out that because bills are prepared and printed centrally for all AEP operating companies, AEP intends to implement the conversion process to take place concurrently for all AEP operating companies to take

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* (Ky. PSC Application deemed filed July 20, 2017).

advantage of the economies of scale to reduce cost and maximize efficiencies of the conversion process. Kentucky Power states that the AEP-wide conversion process will take approximately eight to ten weeks to complete, with a target date of December 2017. In order to be a part of the AEP systemwide conversion process, Kentucky Power seeks approval of the proposed bill format changes by September 15, 2017. Otherwise, Kentucky Power notes that it would incur an additional \$53,000 to establish a legacy billing operation for Kentucky Power to enable it to maintain its current billing format and for separate modifications to its billing software and printer configurations in the event Kentucky Power receives approval of its request. Kentucky Power points out that the existing procedural schedule established for processing Case No. 2017-00179 would not permit a decision on the proposed bill format to be issued by September 15, 2017. Accordingly, Kentucky Power requests limited rehearing to amend the July 17, 2017 Order to retain as part of this proceeding that portion of Kentucky Power's application seeking to change the bill format. Alternatively, Kentucky Power requests rehearing to amend the July 17, 2017 Order to indicate that the Commission will issue an interlocutory order in Case No. 2017-00179 addressing Kentucky Power's request to change its billing format no later than September 15, 2017.

The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("AG"), the only intervenor in this matter, filed a response objecting to Kentucky Power's motion. The AG argued that the additional costs alleged by Kentucky Power if a decision is not rendered by September 15, 2017, regarding the request to modify the billing format should be borne by Kentucky Power's shareholders and not the ratepayers. The AG contends that the potential \$53,000 additional cost

resulting from any delay in Kentucky Power's implementing a new billing format is a relatively minor expense relative to the overall revenue increase of \$69 million that Kentucky Power seeks in Case No. 2017-00179. The AG further argues that the billing format request and the request to combine certain line items are inextricably linked and should be reviewed within the context of Case No. 2017-00179.

Kentucky Power filed a reply in support of its motion, arguing that the AG fails to provide any support for the assertion that the potential \$53,000 incremental cost should be borne by Kentucky Power's corporate parent. Kentucky Power notes that the AG has stated no justification for why such costs would be unreasonable, excessive, or inappropriate, nor has the AG provided any Commission authority supporting such a disallowance. Moreover, Kentucky Power asserts that this additional cost, if any, is not part of the requested revenue increase in Case No. 2017-00179. Kentucky Power argues that the AG has also failed to explain how the two requests are interrelated and how any changes to the billing format as proposed would create customer confusion or lead to less transparency. Last, Kentucky Power points out that its alternative request for relief is identical to the one the AG proffered in his motion to consolidate. Specifically, Kentucky Power states that the AG expressed that the Commission retained authority to issue an interlocutory order in Case No. 2017-00179 to grant the changes to the billing format by the September 15, 2017 deadline.

Having reviewed the pleadings and being otherwise sufficiently advised, the Commission finds that Kentucky Power has provided sufficient justification to permit a limited rehearing on its request to make certain changes to the billing format. The Commission finds that the proposed request is to modify the visual appearance of

Kentucky Power's bills, and that this proposal does not contain any substantive changes. The substantive changes relate to Kentucky Power's request to consolidate certain line items into a single line item. Kentucky Power is not seeking rehearing of the July 17, 2017 Order as it pertains to the substantive billing changes that Kentucky Power is proposing. The Commission further finds that Kentucky Power's request for a decision by September 15, 2017, regarding the proposed billing changes is reasonable. If approved by September 15, 2017, Kentucky Power will not incur any additional costs in implementing the billing format changes. Accordingly, the Commission will amend the July 17, 2017 Order to provide that an interlocutory order will be issued on or before September 15, 2017, addressing Kentucky Power's request to change its billing format. We note that approval of Kentucky Power's motion for partial rehearing relates only to Kentucky Power's proposal to modify its billing format and does not involve the issue of cost recovery associated with any potential change in the billing format.

IT IS HEREBY ORDERED that:

1. Kentucky Power's motion for partial rehearing of the July 17, 2017 Order is granted.
2. The July 17, 2017 Order is amended to include the following as an ordering paragraph:

An interlocutory order shall be issued in Case No. 2017-00179 addressing Kentucky Power's request to modify its billing format no later than September 15, 2017.

By the Commission

ENTERED
AUG 16 2017
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



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