COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

Re: Kentucky Power Company's Tariff V.C.S. (Voluntary Curtailment Service) Filings

Motion To Deviate From Requirements Of 807 KAR 5:011, Section 8

Kentucky Power Company moves the Public Service of Commission Of Kentucky for leave to deviate from the publication requirements of 807 KAR 5:011, Section 8(4)(b)-(d) and 807 KAR 5:011, Section 8(2)(b)(3). The Company states in support of its motion:

807 KAR 5:011, Sections 8(4)(b), (c), and (d)

1. By its accompanying tariff filing Kentucky Power proposes to implement proposed Tariff V.C.S. (Voluntary Curtailment Service). Tariff V.C.S. is a new energy-based demand response tariff that incentivizes participating customers through bill credits to reduce their energy needs during periods of high energy market prices, and thereby reduce pass-through energy supply costs for all customers.

2. Service under proposed Tariff V.C.S. is voluntary and open to the Company's customers that have a minimum 1,000 kilowatts of curtailable demand and taking service under standard tariff rates. Customers participating in a third-party demand response program, as well as customers receiving service under special contracts, including COGEN/SPP contracts, are not eligible to participate under proposed Tariff V.C.S.

3. 807 KAR 5:011, Sections 8(4)(b), (c), and (d) direct that the notice required by 807 KAR 5:011, Section 8 illustrate:

(b) The present rates and proposed rates for each customer classification to which the proposed rates will apply;

(c) The amount of the change requested in both dollar amounts and percentage change for each customer classification to which the proposed rates will apply;

(d) The amount of the average usage and the effect on average bill for each customer classification to which the proposed rates will apply.

4. Tariff V.C.S. provides participating customers with bill credits based on the customer's curtailed energy usage and the day-ahead market price of energy at the time of the curtailment call, both of which will vary and are unknowns at the time of this motion. Thus, the Company is unable to provide some of the information required by 807 KAR 5:011, Section 8(4) in its customer notice.

5. The credits received by each customer, and the effect on each participating customer's bill, will vary based on participation (if the customer actually curtails in response to Voluntary Curtailment event calls); the amount the customer actually curtails their demand; the length of time that demand is curtailed; and the "Voluntary Curtailment Price" (based on the Day-Ahead Market price of energy). Therefore, the amount of the credit and the effect on each customer's bill (regardless of customer class) may be different every month.

6. Because Tariff V.C.S. is new and offers participating customers a variable bill credit rather than setting "rates," it is not possible for the Company to demonstrate "the present rates and proposed rates for each customer classification to which the proposed rates will apply," or "the amount of the change requested in both dollar amounts and percentage change for each customer classification to which the proposed rates will apply." The Company thus requires a deviation from the requirements of 807 KAR 5:011 Sections 8(4)(b) and (c).

7. For the same reasons the Company cannot calculate the effect on the average bill for each customer classification to which proposed Tariff V.C.S. will apply. The Company thus requires a deviation from the requirements of 807 KAR 5:011, Section 8(4)(d).

8. In an effort to comply as closely as possible with the Commission's regulations, the Company's notice makes clear that proposed Tariff V.C.S. is a new tariff offering, explains which customers are eligible, how the tariff functions (specifically with regard to the bill credit and the calculation of the same), and the important terms and conditions of the tariff. A copy of the notice is attached hereto as **Exhibit 1**.

9. The inability to illustrate the enumerated requirements of 807 KAR 5:011, Sections 8(4)(b), (c), and (d) for Tariff V.C.S. customers, and the need to present the effect of the proposed tariff in an understandable fashion constitute good cause for the requested deviation.

807 KAR 5:011, Section 8(2)(b)(3)

10. 807 KAR 5:011, Section 8(2)(b)(3) requires notice to be published "once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in the utility's service area, the first publication to be made no later than the date the tariff filing is submitted to the commission."

11. There are 20 newspapers of general circulation within Kentucky Power's service territory. Kentucky Power submitted for publication with each of those 20 newspapers the notice required by 807 KAR 5:011, Section 8, and the notice was published for the first time in each of the 20 newspapers during the week of December 20, 2021.

12. Six of those newspapers do not publish the week of December 27, 2021. Therefore, the notice will be published once a week for three weeks, but it cannot be published consecutively as required by 807 KAR 5:011, Section 8 in six newspapers within the Company's service territory. Rather, for those six newspapers, the notice will be published as follows:

Louisa Big Sandy News (Lawrence County): December 22, January 5, and January 12

Rowan County News (Rowan County): December 23, January 6, and January 13

Troublesome Creek Times (Knott County): December 23, January 6, and January 13

Salyersville Independent (Magoffin County): December 23, January 6, and January 13

Sandy Hook Elliott Co News (Elliott County): December 24, January 7, and January 14

West Liberty Licking Valley Courier (Morgan County): December 23, January 6, and January 13

13. The non-consecutive week publication schedule of the six newspapers at the end of December 2021 prevents the Company from complying with 807 KAR 5:011, Section 8(2)(b)(3).

14. The inability to publish the notice for three consecutive weeks in the six newspapers in the Company's service territory due to those newspapers' publishing schedule constitutes good cause for the requested deviation.

WHEREFORE, Kentucky Power Company respectfully requests that the Commission issue an Order granting the Company leave to deviate from:

(a) the requirements of 807 KAR 5:011, Sections 8(4)(b), (c), and (d) and to instead notify customers of the proposed Tariff V.C.S. in the form of Exhibit 1; and

(b) the requirement of 807 KAR 5011, Section 8(2)(b)(3) and for leave to publish the customer notice in the six identified newspapers of general circulation for three non-consecutive weeks as identified herein above.

Respectfully submitted,

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Mark R. Overstreet
Katie M. Glass
STITES & HARBISON PLLC
421 West Main Street
P.O. Box 634
Frankfort, Kentucky 40602-0634
Telephone: (502) 223-3477
moverstreet@stites.com
kglass@stites.com

COUNSEL FOR
KENTUCKY POWER COMPANY

Exhibit 1

NOTICE

Please Take Notice that on December 28, 2021 Kentucky Power Company ("Kentucky Power" or "Company") expects to file with the Public Service Commission of Kentucky ("Commission") its proposed Tariff V.C.S. ("Voluntary Curtailment Service"). The Company also expects to file its proposed amendment to its Tariff P.P.A. ("Purchase Power Adjustment"). The proposed effective date for Tariff V.C.S. and the amended Tariff P.P.A. is January 28, 2022.

Tariff V.C.S. is a new energy-based demand response tariff that incentivizes participating customers through bill credits to reduce their energy needs during periods of high energy market prices, and thereby reduce pass-through energy supply costs for all customers. The amendment to the Company's Tariff P.P.A. allows the Company to recover the cost of Tariff V.C.S. bill credits through Tariff P.P.A. as the Company does with Tariff D.R.S. ("Demand Response Service").

Service under Tariff V.C.S. is limited to customers with curtailable usage of not less than 1,000 kW at the metering point for a single account for electric service. The accounts of eligible customers must be current, and the participating customer must maintain credit in accordance with the Company's terms and conditions of service. Service under Tariff V.C.S. is not available to customers who take service under a third-party demand response tariff, and customers receiving service under special contracts, including COGEN/SPP contracts.

The Customer's participation in any Company capacity-based demand response program takes priority over this program. No credit shall be given under Tariff V.C.S. for hours that a customer is responsible for curtailing under another program. The Customer also shall not receive credit for any curtailment periods in which the Customer's usage is already reduced due to a planned or unplanned outage as a result of vacation, renovation, repair, refurbishment, force majeure, strike, economic conditions or any event other than the Customer's normal operating conditions. Customers in this program are also subject to curtailments due to system emergencies in the same manner as other firm service customers.

An interval meter is required for service under this Rider. The incremental cost of any special metering, communications or control equipment required for service under this Rider beyond that normally provided shall be borne by the Customer.

The Tariff V.C.S. credits will be equal to the product of the Curtailed Demand, the number of Voluntary Curtailment Event Hours, and the Voluntary Curtailment Price. Tariff V.C.S. credits will be applied monthly to the customer's bill. The Voluntary Curtailment Price will be based upon the Day-Ahead Market price of energy at the time of the Voluntary Curtailment Event, as determined in the Company's sole judgment, but not less than $100 per MWh. The AEPKY_RESID_AGG LMP shall be used to develop the Voluntary Curtailment Price.

The amount of the Tariff V.C.S. credit(s) will vary by participating customer and the customer's curtailment in response to Voluntary Curtailment event calls.

A Voluntary Curtailment Event may be called at any time in the Company's sole discretion. The Company may call up to two Voluntary Curtailment Events in a single day. Curtailed Demand shall be separately calculated for each Voluntary Curtailment Event. Curtailed Demand shall be defined as the difference between the Customer's Average On-Peak Demand and the maximum sixty (60)-minute integrated demand in kW during the Voluntary Curtailment Event. The Curtailed Demand so computed will not be less than zero.

Annual, seasonal or monthly Average On-Peak Demands will be established based upon Customer's historic usage patterns. For the purpose of determining the Average On-Peak Demand, the on-peak period is defined as 7:00 a.m. to 11:00 p.m. ET for all weekdays, Monday through Friday.

A special contract or addendum, which must be filed with the Commission, is required for service under Tariff V.C.S., and service under the tariff is conditioned upon approval of the special contract by the Commission. The Company shall determine the Customer's Average On-Peak Demand in kW specified in the contract or contract addendum for service under this Rider. The Customer's Average On-Peak Demand will be reviewed annually.

Kentucky Power proposes to amend Tariff P.P.A. to include the amounts of bill credits and other payments under Tariff V.C.S., and special contracts for interruptible service, in the calculation of Annual Purchase Power Net Costs for recovery under Tariff P.P.A.

FURTHER INFORMATION REGARDING THE TARIFF FILING

Any person by timely written request for intervention filed with the Public Service Commission may request leave to intervene in the Commission proceeding to review the proposed Tariff V.C.S. and proposed amendments to Tariff P.P.A. The motion shall be submitted to the Public Service Commission, 211 Sower Boulevard, P. O. Box 615, Frankfort, Kentucky 40602-0615, and shall establish the grounds for the request, including the status and interest of the party. If the Commission does not receive a written request for intervention within 30 days of the initial publication of this notice the Commission may take final action on the tariff filing.

Written comments on the proposed tariff may be submitted to the Public Service Commission by mail to the address listed above or via the Commission's website: http://psc.ky.gov. The rates contained in this notice are the rates proposed by Kentucky Power; the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.

The terms of Tariff V.C.S. and proposed amendments to Tariff P.P.A. contained in this notice are being proposed by Kentucky Power. The Public Service Commission may order tariff terms that differ from those proposed by Kentucky Power in this notice, including rejection of the Company's proposals.

A copy of the tariff filing and any related documents Kentucky Power may file with the Public Service Commission may be examined at Kentucky Power's offices located at 1645 Winchester Avenue, Ashland, Kentucky 41101 with a phone number of 606-327-2607; 12333 Kevin Avenue, Ashland, KY 41102 with a phone number of 606-929-1600; 1400 E. Main St. Hazard, KY 41701 with a phone number of 606-436-1322; and 3249 North Mayo Trail, Pikeville, KY 41501 with a phone number of 606-437-3827; and the Company's website: www.kentuckypower.com.

A copy of the tariff filing and any related documents Kentucky Power may file with the Public Service Commission may be examined Monday through Friday from 8:00 a.m. through 4:30 p.m. at the offices of the Commission at the address listed above when the Commission's offices reopen to the public. The tariff filing and any related documents Kentucky Power has filed with the Public Service Commission may also be examined through the Commission's website: http://psc.ky.gov.