

**Andy Beshear**  
Governor

**Rebecca W. Goodman**  
Secretary  
Energy and Environment Cabinet



Commonwealth of Kentucky  
**Public Service Commission**  
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**Angie Hatton**  
Chair

**Mary Pat Regan**  
Commissioner

**John Will Stacy**  
Commissioner

February 7, 2025

## PARTIES OF RECORD

Re: Case No. 2024-00289

Notice is given to all parties that the attached Kentucky Power Company Informal Conference Memorandum, sign in sheet has been filed into the record of this proceeding.

If you have any comments you would like to make regarding the contents of the document, please do so within five days of receipt of this letter. If you have any questions, please contact Amanda Lawson, Staff Attorney at [AmandaV.Lawson@ky.gov](mailto:AmandaV.Lawson@ky.gov).

Sincerely,

A handwritten signature in blue ink that reads "Linda C. Bridwell" followed by the letters "RP".

Linda C. Bridwell, PE  
Executive Director

Attachment

## **INTRA-AGENCY MEMORANDUM**

### **KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Case File No. 2024-00289 & 2024-00305

**FROM:** Amanda Lawson, Staff Attorney

**DATE:** February 6, 2025

**RE:** Informal Conference of February 6, 2025

Pursuant to the Staff Notice issued on February 4, 2025, an informal conference (IC) was conducted on February 6, 2025. Attached is a copy of the attendance roster. The IC was scheduled at the request of Kentucky Power Company (Kentucky Power) in its motion for an informal conference filed on January 23, 2025.

The purpose of the IC was to discuss Kentucky Power's responses to Commission Staff's January 3, 2025 data requests, the effect(s) on Tariff P.P.A. rates of the Commission's orders in Case No. 2023- 00159, Case No. 2023-00318, Case No. 2024-00016, and the proposed rates in this proceeding, as well as to discuss any other matters that may aid the Commission Staff in the handling and disposition of the case. Representatives of Kentucky Power presented information relating to their data responses. Kentucky Power presented a handout showing comparisons of different numbers from the above-referenced cases in varying scenarios and the effects of Commission Orders as the cases have been processed. Staff requested that the handout be submitted on the record or emailed to staff to be made available for Commission review if needed. All parties agreed.

The parties also addressed some questions related to the proposed IGS tariff, in Case No. 2024-00305. In particular, whether other states used similar tariff provisions and whether a pass through charge might be more appropriate. As a result, this memo will also be filed in Case No. 2024-00305. All parties to that case were in attendance.

There being no further discussion, the IC was then adjourned.

cc: Parties of Record

# PSC INFORMAL CONFERENCE SIGN IN SHEET

CASE NUMBER: 2024-00289 & 2024-00305 IC KY Power

LOCATION: 211 Sower Blvd., Frankfort, KY & Microsoft Teams

DATE: February 6, 2025 3:00 pm

NAME	COMPANY
Brian Thomas	PSC- Office of General Counsel
William Coston	PSC- Financial Analysis
Linda Bridwell	PSC- Executive Director
Amanda Lawson	PSC- Office of General Counsel
Moriah Tussey	PSC- Office of General Counsel
Ben Bellamy	PSC- Office of General Counsel
Christian Everly	PSC- Financial Analysis
Noah Abner	PSC- Financial Analysis
Bentley Jarboe	PSC- Financial Analysis
Jeffrey Newcomb	Kentucky Power
Tanner Wolfram	Kentucky Power
Lerah Kahn	Kentucky Power
Katie Glass	Stites & Harbison
Hector Garcia	AEP
Christen Blend	AEP
Jody Kyler Cohn	Boehm, Kurtz & Lowry

Mike Kurtz	Boehm, Kurtz & Lowry
Katherine Walsh	AEP
Michael West	Office of the Attorney General

**Kentucky Power Company**

# **CASE NO. 2024-00289**

## **INFORMAL CONFERENCE**

**February 6, 2025**

# PRESENTERS

Tanner Wolfram - Director, Regulatory Services, KPCO

Lerah Kahn - Manager, Regulatory Services, KPCO

# TIMELINE

2023-00159 (Rate Case)	2023-00318 (2023-Annual Update)	2023-00159 (Rate Case)	2024-00016 Rockport Offset True Up	2023-00318 (2023-Annual Update)	2023-00318 (2023-Annual Update)	2024-00289 (2024-Annual Update)	2024-00016 Rockport Offset True Up	2024-00016 Rockport Offset True Up
29-Jun-23	→ 15-Aug-23	→ 19-Jan-24	→ 31-Jan-24	→ 14-Jun-24	→ 25-Jul-24	→ 15-Aug-24	→ 16-Aug-24	→ 27-Nov-24
Requests to: a) Include Tariff P.P.A. under-recovery regulatory asset within Securitization request b) Suspend collection of Rockport Deferral and also include within Securitization request and c) Move PJM LSE OATT and Rockport fixed cost savings into base rates.	Request to modify over/under to prevent reoccurrence and align with rate case ask.	Order approves the Company's requests.  File compliance Tariff P.P.A. to update accordingly.  Keeps over/under proposal due to ongoing 2023-00318 case and uses "subject to change" language.	Update mechanism to include remaining amount to be recovered for the Rockport Offset.  Keeps over/under proposal due to ongoing 2023-00318 case and uses "subject to change" language.	Commission issues final order which denies over/under proposal, requires use of forecasting billing units, and new write off provision.	Company's motion for rehearing granted.	Company files its annual update.  Reverts the over/under to align with 6/14 Order in 2023-00318 and uses forecasted billing units.	Commensurate with annual filing, request an extension to collect the Rockport Offset true up over 19 months --- only amounts not already collected would be subject to the extended recovery.	Commission issues final order affirming remaining amount to be collected, the requested extension, and rates as proposed by the Company.

# 2024 P.P.A. RATES

Pre-2023-00159 Post-2023-00159

Average Monthly Residential Usage		Jan-24	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
		1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183	1,183
R a t e s	Service Charge	\$ 17.50	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00
	Energy Charge (Kwh)	\$ 0.10799	\$ 0.11284	\$ 0.11284	\$ 0.11284	\$ 0.11284	\$ 0.11284	\$ 0.11284	\$ 0.11284	\$ 0.11284	\$ 0.11284	\$ 0.11284	\$ 0.11284	\$ 0.11284
	Fuel Adjustment Clause (FAC)	0.00935	0.00935	0.01766	0.01396	0.00868	0.01290	0.00711	0.00212	0.01202	0.01376	0.01016	0.01250	0.01026
	System Sales Clause	0.00016	0.00016	0.00016	0.00016	0.00016	0.00016	0.00016	0.00016	0.00016	0.00016	0.00058	0.00058	0.00058
	REA	0.30000	0.40000	0.40000	0.40000	0.40000	0.40000	0.40000	0.40000	0.40000	0.40000	0.40000	0.40000	0.40000
	Demand Side Management	0.00015	0.00015	0.00015	0.00015	0.00015	0.00015	0.00015	0.00015	0.00015	0.00015	0.00015	0.00015	0.00015
	Purchase Power Adjustment	0.00558	0.00136	0.00136	0.00605	0.00605	0.00605	0.00605	0.00605	0.00605	0.00605	0.00226	0.00226	0.00226
	Federal Tax Cut	(0.02187)	(0.00062)	(0.00062)	(0.00062)	(0.00062)	(0.00062)	(0.00062)	(0.00062)	(0.00062)	(0.00062)	(0.00062)	(0.00062)	(0.00061)
	Decommissioning Rider	0.04408	-	-	-	-	-	-	-	-	-	-	-	-
	Environmental Surcharge	0.01905	0.01905	0.01607	0.03206	0.03076	0.03949	0.04125	0.04179	0.03630	0.03184	0.02864	0.03282	0.06067
C h a r g e s	Service Charge	\$ 17.50	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00
	Energy Charge (Kwh)	\$ 127.75	\$ 133.49	\$ 133.49	\$ 133.49	\$ 133.49	\$ 133.49	\$ 133.49	\$ 133.49	\$ 133.49	\$ 133.49	\$ 133.49	\$ 133.49	\$ 133.49
	Fuel Adjustment Clause (FAC)	\$ 11.06	\$ 11.06	\$ 20.89	\$ 16.51	\$ 10.27	\$ 15.26	\$ 8.41	\$ 2.51	\$ 14.22	\$ 16.28	\$ 12.02	\$ 14.79	\$ 12.14
	System Sales Clause	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.69	\$ 0.69	\$ 0.69
	REA	\$ 0.30	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40	\$ 0.40
	Demand Side Management	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18
	Purchase Power Adjustment	\$ 6.60	\$ 1.61	\$ 1.61	\$ 7.16	\$ 7.16	\$ 7.16	\$ 7.16	\$ 7.16	\$ 7.16	\$ 7.16	\$ 2.67	\$ 2.67	\$ 2.67
	Federal Tax Cut	\$ (25.87)	\$ (0.73)	\$ (0.73)	\$ (0.73)	\$ (0.73)	\$ (0.73)	\$ (0.73)	\$ (0.73)	\$ (0.73)	\$ (0.73)	\$ (0.73)	\$ (0.73)	\$ (0.72)
	Subtotal	\$ 137.71	\$ 166.19	\$ 176.02	\$ 177.19	\$ 170.95	\$ 175.94	\$ 169.09	\$ 163.19	\$ 174.90	\$ 176.96	\$ 168.71	\$ 171.48	\$ 168.84
	Decommissioning Rider	\$ 6.07	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Environmental Surcharge	\$ 2.62	\$ 3.17	\$ 2.83	\$ 5.68	\$ 5.26	\$ 6.95	\$ 6.97	\$ 6.82	\$ 6.35	\$ 5.63	\$ 4.83	\$ 5.63	\$ 10.24
Total (Pre-Tax)		\$ 146.40	\$ 169.36	\$ 178.85	\$ 182.87	\$ 176.21	\$ 182.89	\$ 176.06	\$ 170.01	\$ 181.25	\$ 182.59	\$ 173.54	\$ 177.11	\$ 179.09

# 2024 P.P.A. RATES

Case  
From  
To  
Spans  
Status  
Over/Under  
Rev Req Previous  
Rev Req Proposed  
Residential Rate  
Change  
Notable Items

Tied to 2023 Annual Update			2024 Annual Update
2023-00318	2023-00159	2024-00016	2024-00289
Oct-23	Jan 16, 2024	Mar 2, 2024	Oct 2025 Billing
Jan 15, 2024	Mar 1, 2024	Sep 2025 Billing	Sep 2026 Billing
~3.5 Months	~1.5 Months	~7 Months	12 Mos
Rehearing	Open - Subject to Change	Closed	Open - Subject to Change
New	New	New	Reverts
22.5M	6.3M	24.3M	10M
21.5M	5.3M	23.3M	9.5M
0.00558	0.00136	0.00605	0.00226
	-0.00422	0.00469	-0.00379
↑ PJM LSE OATT Charges	↓ <<< Moved to Base	↑ Rockport Offset True Up	↓ <<< Remaining Spread Over Addl Mos
↑ Rockport Deferral	↓ <<< Suspended (Securitization Item)		Regular Annual Updates
↑ Estimated Rockport Offset	↓ <<< Removed		
↓ Rockport Fixed Cost Savings	↑ <<< Moved to Base		

Regardless of the Commission’s Order will be required to address the disconnect in over/under method used.

Two paths forward:

1. Recalculate rates for the affected periods and rebill customers (~160,000 bills X impacted period);
2. Calculate the difference in revenue requirement(s) and incorporate into the next annual PPA update.

# **COMPARISON OF OVER/UNDER METHODS**

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## **Previous / Reverted with 2024-00289**

- Was only comparing revenues collected to the revenue target.
- Failed to capture the expense side causing an under-recovery balance to grow each month.
- Inappropriate level being established in the numerator (revenue requirement).
- Resulted in the Company's request, which was approved, to include the Tariff P.P.A. under-recovery regulatory asset through its Securitization request in 2023-00159 (base rate case).

## **Company's Proposal Used in 2023-00318, 2023-00159, and 2024-00016**

- Simply has the over/under look to the accounting workpaper for the Tariff P.P.A. cumulative regulatory asset.
- This considers both revenues and expenses.
- The Company's position that adopting the proposed over/under would negate the write-off provision in the Commission June 14, 2024 Order in Case No. 2023-00318.

# SECURITIZATION

In accordance with the Financing Order the Company is authorized to securitize the Tariff P.P.A. under-recovery regulatory asset *at the time the securitized bonds are issued.*



This means the balance will continue to change.



The balance of the Tariff P.P.A. under-recovery regulatory asset is only available as of month-end dates, as a result of the Company's monthly accounting close process.



Although the Company's over/under proposal is to utilize the cumulative regulatory asset, all three instances set its balance to zero to recognize it would be moved into the securitized surcharge rider.

# QUESTIONS

A line-art icon of a person's head and shoulders, wearing a suit and tie. A speech bubble with a question mark is positioned above the person's head.

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