

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)	
POWER COMPANY TO DEFER A PORTION OF)	CASE NO.
FUEL ADJUSTMENT CLAUSE CHARGES FOR)	2022-00125
LATER COLLECTION WITHOUT ESTABLISHING)	
A REGULATORY ASSET)	

ORDER

On April 22, 2022, Kentucky Power Company (Kentucky Power) filed an application to defer, without establishing a regulatory asset, a portion of its Fuel Adjustment Clause (FAC) charges for later collection. The Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention (Attorney General) and Kentucky Industrial Utility Customers (KIUC) were granted intervention into the case. On August 30, 2022, Kentucky Power filed a motion for leave to withdraw its application and for entry for an Order dismissing the proceeding without prejudice.

BACKGROUND

In its application, Kentucky Power explained that \$6 million in estimated fuel costs were deferred from fuel costs in the FAC for the February and March 2022 expense months and requested that the Commission grant Kentucky Power a deviation from 807 KAR 5:056 to allow Kentucky Power to postpone the collection of \$6 million of deferred expenses and recover the amount incrementally over the May, June, July, and August 2022 billing periods.¹ During an informal conference, Commission Staff

¹ See Application at 9.

questioned whether the Commission could grant a deviation from 807 KAR 5:056 and suggested that Kentucky Power could request to amend its FAC tariff to recover the deferred amounts, as long as those amounts resulted in rates lower than would otherwise be charged.

Kentucky Power subsequently filed proposed revisions to its FAC tariff in April, May, and June 2022, requesting to recover the deferred expenses in staggered increments, which resulted in lower FAC rates than would otherwise be charged. The Commission issued Orders on April 28, 2022; May 26, 2022; and June 28, 2022, approving the changes to the FAC tariff and the reduction in Kentucky Power’s FAC Tariff rates under KRS 278.180(2). The July 2022 FAC rate filed by Kentucky Power for the August 2022 billing period included the final deferred expense increment and was a reduction from the previous FAC rate thus did not need to be granted Commission approval in an Order for the FAC rate to go into effect. The FAC rates approved by the Commission and filed by Kentucky Power in its monthly FAC rate reports included the aggregate \$6 million originally deferred by Kentucky Power.²

DISCUSSION

Based upon a review of the case record, the Commission finds that the \$6 million originally deferred by Kentucky Power has been fully recovered through the FAC mechanism and that Kentucky Power has received the relief it sought in this proceeding,

² The FAC rates put into effect:

Billing Month	Deferral amount included	FAC rate (does not include the System Sales Clause Factor)
May 2022	\$ 1,000,000	\$0.01729 per kWh
June 2022	\$ 2,000,000	\$0.02990 per kWh
July 2022	\$ 2,000,000	\$0.03226 per kWh
August 2022	\$ 1,000,000	\$0.03193 per kWh

rendering its application now moot. The Commission further finds that Kentucky Power's motion to withdraw its application and to dismiss this proceeding without prejudice shall be granted.

IT IS THEREFORE ORDERED that:

1. Kentucky Power's motion to withdraw its application and to dismiss this proceeding without prejudice is granted.
2. This case is closed and removed from the Commission's docket.

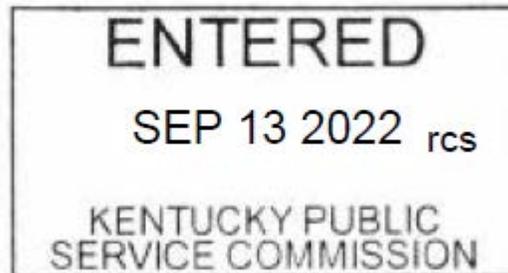
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PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman


Commissioner



ATTEST:


Executive Director

*Angela M Goad
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Hector Garcia
Kentucky Power Company
1645 Winchester Avenue
Ashland, KY 41101

*John G Horne, II
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Kentucky Power Company
1645 Winchester Avenue
Ashland, KY 41101

*Katie M Glass
Stites & Harbison
421 West Main Street
P. O. Box 634
Frankfort, KENTUCKY 40602-0634

*Larry Cook
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*J. Michael West
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204