COMMONWEALTH OF KENTUCKY BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Application Of Kentucky Power Company For)
A General Adjustment Of Its Rates For Electric)
Service; (2) An Order Approving Its 2014)
Environmental Compliance Plan; (3) An Order) Case No. 2014-00396
Approving Its Tariffs And Riders; And (4) An)
Order Granting All Other Required Approvals)
And Relief)

SUBSTITUTE PAGE 41 OF

TESTIMONY

OF

RANIE K. WOHNHAS

IN SUPPORT OF THE SETTLEMENT AGREEMENT

VERIFICATION

The undersigned, Ranie K. Wohnhas being duly sworn, deposes and says he is the Managing Director Regulatory and Finance for Kentucky Power Company, that he has personal knowledge of the matters set forth in the forgoing testimony and the information contained therein is true and correct to the best of his information, knowledge, and belief.

	Janie K. Wohn
	Řanie K. Wohnhas
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COMMONWEALTH OF KENTUCKY)
COUNTY OF FRANKLIN) Case No. 2014-00396)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Ranie K. Wohnhas, this the 4th day of May 2015.

My Commission Expires: January 3, 20

1 Q. ARE THERE OTHER REASONS TO APPROVE REVISED TARIFF I.G.S.

2 (EXHIBIT 16 OF THE SETTLEMENT AGREEMENT)?

- 3 Although the Company's initial proposal of Tariff I.G.S. was part of the bargained-for A. 4 consideration for the Mitchell Stipulation, which was approved by the Commission, 5 independent reasons exist for approval of the revised tariff. These are explained in more 6 detail in Mr. Vaughan's rebuttal testimony, but essentially the new I.G.S. Tariff will 7 provide all large commercial and industrial customers with demands of one MW or more with the same rates. The only difference among the customers' rates will be the voltage 8 9 level at which they take service. It is my understanding from Mr. Vaughan's rebuttal testimony that this is consistent with cost-causation and rate design principles, and that 10 11 the same sort of design may be found in other utilities' tariffs. Finally, I am informed 12 that Wal-Mart has indicated it will file a statement stating it supports the rate design of revised Tariff I.G.S. (Exhibit 16 of the Settlement Agreement). 13
 - P. Residential Customer Charge.

RESIDENTIAL CUSTOMER CHARGE?

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15 Q. WHAT CHANGE DOES THE SETTLEMENT AGREEMENT PROPOSE WITH 16 RESPECT TO THE COMPANY'S PROPOSED \$16.00 PER MONTH

18 A. The agreement provides that the Residential Customer Charge will be increased from the 19 current \$8.00 per month to \$14.00 per month. Although the new charge is less than the 20 \$16.00 monthly charge requested, it is a step towards the fixed cost of providing distribution service. There are several advantages to doing so. As Company Witness 22 Vaughan explains, recovering fixed distribution costs through a fixed charge can help limit monthly volatility and reduce intra-class subsidy. It also may assist lower income

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