

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**An Examination by the Public Service )  
Commission of The Environmental )  
Surcharge Mechanism of Kentucky )  
Power Company for the Six-Month )  
Billing Period Ending December 31, 2016 )**

**Case No. 2017-00072**

**DIRECT TESTIMONY OF**  
**AMY J. ELLIOTT**  
**ON BEHALF OF KENTUCKY POWER COMPANY**

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AMY J. ELLIOTT, ON BEHALF OF  
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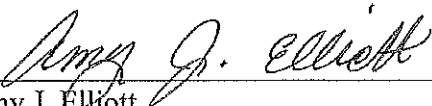
**CASE NO. 2016-00336**

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**VERIFICATION**

The undersigned, Amy J. Elliott, being duly sworn, deposes and says she is a Regulatory Consultant Sr. in Regulatory Services for Kentucky Power, that she has personal knowledge of the matters set forth in the forgoing testimony and that the information contained therein is true and correct to the best of her information, knowledge, and belief

  
\_\_\_\_\_  
Amy J. Elliott

COMMONWEALTH OF KENTUCKY     )  
   ) Case No. 2017-00072  
COUNTY OF FRANKLIN                 )

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Amy J. Elliott, this 20<sup>th</sup> day of March 2017

  
\_\_\_\_\_  
Notary Public

Notary ID Number: 571144

My Commission Expires: January 23, 2021

**DIRECT TESTIMONY OF  
AMY J. ELLIOTT, ON BEHALF OF  
KENTUCKY POWER COMPANY  
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

**I. INTRODUCTION**

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND TITLE.**

2 A. My name is Amy J. Elliott. I am a Regulatory Consultant for Kentucky Power Company  
3 (“Kentucky Power” or “Company”) and my business address is 101 A Enterprise Drive,  
4 Frankfort, Kentucky 40601.

**II. BACKGROUND**

5 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**  
6 **BACKGROUND.**

7 A. In 2000, I received a Bachelor of Arts degree in Economics from Transylvania  
8 University in Lexington, Kentucky. I worked for the Tennessee Department of  
9 Commerce and Insurance as an Insurance Examiner from early 2002 through late 2005  
10 before moving back to Kentucky and consulting with insurance companies in  
11 connection with field audits. I accepted my present position with Kentucky Power in  
12 2008. In 2012, I received a Master of Business Administration degree from the  
13 University of Massachusetts at Amherst.

14 **Q. WHAT ARE YOUR PRINCIPAL AREAS OF RESPONSIBILITY WITH**  
15 **KENTUCKY POWER?**

16 A. My primary responsibility is to support the Company’s regulatory activities. Part of  
17 this responsibility is to manage the Company’s periodic regulatory filings, including the

1 monthly Environmental Surcharge reports, filed with the Kentucky Public Service  
2 Commission (“Commission”).

3 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY**  
4 **COMMISSIONS?**

5 A. Yes. I testified in Case No. 2014-00396, a combined general rate case and request for  
6 an amendment to the Company’s environmental compliance plan. Additionally, I filed  
7 testimony in the Company’s past six periodic reviews of the Environmental Surcharge:  
8 Case No. 2014-00052, Case No. 2014-00322, Case No. 2015-00113, Case No. 2015-  
9 00280, Case No. 2016-00109, and Case No. 2016-00336. Finally, I testified before the  
10 Commission in two six-month reviews of the Company’s fuel adjustment clause, Case  
11 No. 2013-00261 and Case No. 2013-00444.

### **III. PURPOSE OF YOUR TESTIMONY**

12 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

13 A. The purpose of my testimony is to describe the operation of the Company’s  
14 environmental surcharge during the review period. I also testify that the monthly  
15 environmental surcharge factors during the review period were calculated in conformity  
16 with the Company’s Commission-approved Tariff E.S. and applicable Commission  
17 Orders, and that the resulting rates were fair, just, and reasonable.

### **IV. OPERATION OF THE ENVIRONMENTAL SURCHARGE DURING THE REVIEW PERIOD**

18 **Q. WERE THERE ANY CHANGES IN THE OPERATION AND CALCULATION**  
19 **OF THE COMPANY’S ENVIRONMENTAL SURCHARGE AS COMPARED**  
20 **TO THE PRIOR REVIEW PERIOD?**

1 A. No. During the review period, the Company utilized the Tariff E.S. that was approved  
2 by the Commission in Case No. 2014-00396 for service rendered on or after June 22,  
3 2015.

4 **Q. IS THE COMPANY PROPOSING AN ADJUSTMENT FOR ANY UNDER- OR**  
5 **OVER-RECOVERY FOR THE BILLING PERIOD FROM JULY 1, 2016**  
6 **THROUGH DECEMBER 31, 2016?**

7 A. No. The Company experienced an over-recovery during the review period. The  
8 Company made a correcting entry to the February 2017 expense month to credit  
9 customers for inadvertently including: (1) the full year's West Virginia Department of  
10 Environmental Protection air emission fee in the July 2016 expense month; and (2) the  
11 full costs of consumables used at Mitchell (not the Company's 50% share) in the  
12 September 2016 expense month. The amounts credited during the February 2017  
13 expense month equaled \$131,985 for air emission fees and \$273,107 for consumables.  
14 The effect of these credits will be reflected in customers' April billing statements.

15 **Q. DID KENTUCKY POWER MAKE THE ADJUSTMENTS FOR THE**  
16 **CURRENT REVIEW PERIOD THAT IT PROPOSED IN CASE NO. 2016-**  
17 **00336?**

18 A. Yes. In Case No. 2016-00336, the Company proposed two types of adjustments to be  
19 made in the current review period. The Company made both adjustments during the  
20 current review period.

21 First, the Company refunded \$225,754 during the October 2016 Expense Month  
22 to adjust for the Company's failure to reflect on a monthly basis the retirement of  
23 environmental compliance equipment at the Rockport and Mitchell plants. This

1 adjustment, and the Company's proposal with respect to this review period, are  
2 described at pages 4-6 of my testimony in Case No. 2016-00336. Second, the  
3 Company made four monthly allocation adjustments to correct the formulaic error that  
4 produced a misallocation of the revenue requirement between the residential and non-  
5 residential customer classes. The adjustments were made beginning with the  
6 November 2016 expense month and ending with the February 2017 expense month.  
7 The effect of each of the monthly allocation adjustments was to decrease the residential  
8 class revenue requirement by \$134,403 and to increase the non-residential customer  
9 class residential revenue requirement by an equal amount. Additional detail about the  
10 nature of these adjustments is provided at pages 6-10 of my testimony in Case No.  
11 2016-00336.

## VII. CONCLUSION

- 12 **Q. WITH THE PROPOSED ADJUSTMENTS, WERE THE RATES CHARGED**  
13 **THROUGH THE ENVIRONMENTAL SURCHARGE DURING THE REVIEW**  
14 **PERIOD IN ACCORDANCE WITH TARIFF E.S. AND THE APPLICABLE**  
15 **COMMISSION ORDERS?**
- 16 A. Yes. The environmental surcharge rates, adjusted as described above, were fair, just,  
17 and reasonable.