

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

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

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

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.

5 **Q. DID YOU FILE DIRECT TESTIMONY IN THIS CASE?**

6 A. Yes. On March 21, 2017, I filed direct testimony in this case describing the operation
7 of the Company’s environmental surcharge during the six month billing period ending
8 December 31, 2016 (“review period”).

9 **Q. WHY ARE YOU FILING SUPPLEMENTAL TESTIMONY?**

10 A. In my March 21, 2017 testimony, I described how the Company implemented an
11 adjustment to correct a formulaic error, described in Case No. 2016-00336, that
12 produced a misallocation of the revenue requirement between the residential and non-
13 residential customer classes. I testified that the adjustments were made beginning with
14 the November 2016 expense month and ending with the February 2017 expense month.

15 To implement the adjustment, the Company added a revenue requirement
16 allocation adjustment in Line 10A of ES Form 1.00. The adjustment in Line 10A was
17 designed to decrease the residential class revenue requirement by \$134,403 and to
18 increase the non-residential customer class residential revenue requirement by an equal
19 amount. The Company included Line 10A on ES Form 1.00 in its monthly reporting to

1 Commission for the November 2016, December 2016, January 2017, and February
2 2017 expense months. The Company filed its monthly environmental surcharge report
3 for the February 2017 expense month on March 28, 2017.

4 The Company determined subsequent to the March 28, 2017 filing that although
5 the adjustment was included in Line 10A on ES Form 1.00, it was inadvertently omitted
6 from the formula calculating the monthly environmental surcharge factor. The
7 Company submitted an updated version of the environmental surcharge report for the
8 February 2017 expense month on March 30, 2017. The monthly environmental
9 surcharge factor calculated in the updated report utilized the correct formula. This
10 correctly calculated environmental surcharge factor will be utilized on April bills.

11 This formulaic error existed in the November 2016, December 2016, and
12 January 2017 expense months filings in addition to the Company's March 28, 2017
13 filing. Accordingly, the Company will include the adjustment in Line 10A in the
14 calculation of the environmental surcharge for the March, April, and May 2017 expense
15 months.

16 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

17 A. Yes it does.