

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Electronic Application Of Kentucky Power)
Company For (1) A General Adjustment Of Its)
Rates For Electric Service; (2) An Order)
Approving Its 2017 Environmental Compliance)
Plan; (3) An Order Approving Its Tariffs And) Case No. 2017-00179
Riders; (4) An Order Approving Accounting)
Practices To Establish Regulatory Assets Or)
Liabilities; And (5) An Order Granting All Other)
Required Approvals And Relief)

Notice Of Filing Of Supporting Calculations For Allocating
PJM Interconnection LLC Costs Using 12-Coincident-Peak Methodology

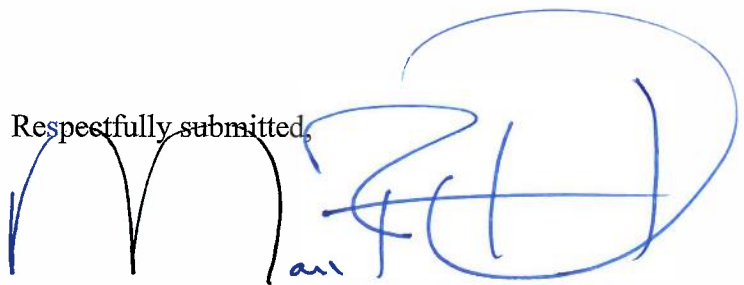
Kentucky Power Company files KPCO_2020_12CP_Allocation_Analysis (“Allocation Analysis”) with the Public Service Commission of Kentucky in conformity with ordering paragraph 20 of the Commission’s January 18, 2018 order.

The Allocation Analysis provides the supporting calculations used to derive Kentucky Power’s 5.736 percent allocated share of PJM LSE OATT charges using a 12-coincident-peak methodology. Kentucky Power’s allocated share is derived by first calculating the average of Kentucky Power’s coincident peak load for each of the twelve months for the period November 2018 through October 2019 (985.883 MW). This average is then divided by the average of the sum of the coincident peaks (17,186.476 MW) for each of the six AEP-East operating companies (Ohio Power Company, Indiana Michigan Power Company, Wheeling Power Company, Appalachian Power Company, Kentucky Power Company, and Kingsport Power Company) to calculate Kentucky Power’s allocated share ($985.883 \text{ MW} \div 17,186.476 \text{ MW} = 5.736 \text{ percent}$).

The AEP-East operating companies utilize the 12 CP methodology for cost allocation of PJM LSE OATT charges to the operating companies to decrease annual volatility and potential rate shock. The PJM zonal 1-CP can occur (and has) in both summer and winter months which can cause large shifts in year to year cost allocation depending on whether or not an operating company is winter or summer peaking. The 12-CP methodology creates a less volatile cost allocation.

Kentucky Power previously proposed to file its 12 CP-allocation analyses in conjunction with its annual filing of the Company's FRR-RPM election analysis. As Kentucky Power explained in its last 12 CP-allocation analysis, filed October 2, 2019, the Company's FRR-RPM election analysis is delayed indefinitely due to the delay of PJM's 2019 Base Residual Auction for the 2022/2023 delivery year as a result of the Federal Energy Regulatory Commission's July 25, 2019 order.¹ Kentucky Power nonetheless is filing its annual 12 CP-allocation analysis for 2020 on the date when its FRR-RPM election analysis would otherwise be submitted.

Respectfully submitted,



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¹ *In Re: P.J.M. Interconnection, L.L.C.*, 168 F.E.R.C. 61,051 (July 25, 2019).