

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 AND LIABILITIES;)	
AND (5) AN ORDER GRANTING ALL OTHER)	
REQUIRED APPROVALS AND RELIEF)	

PETITION FOR FULL INTERVENTION BY PROGRESS METAL RECLAMATION
COMPANY

Pursuant to 807 KAR 5:001 Section 4(11), Progress Metal Reclamation Company (“Progress”) requests that it be granted full intervenor status in the above captioned proceeding and states in support thereof the following:

1. Progress Metal Reclamation Company, D/B/A Mansbach Metal Company (“Progress”) has an extensive heritage in Ashland, Kentucky. Provided Progress survives until next year, the company will celebrate 100 years of continuous business and employment in the Commonwealth. Progress is a metal recycling company with a single large 6,000 horsepower shredding motor and is the **only** operation of its kind in the Kentucky Power service area. The nature of this equipment is to use a very high volume of electricity (5,000+ kW) during brief periods when actively shredding.

2. Progress has a special interest in this proceeding that is not otherwise adequately represented. Specifically, the nature of Progress' operations creates a unique load profile with a low load factor, even when the shredder operates a normal two shifts. However, the shredding operation has reduced from two shifts in 2010-2011 to a single shift in 2012-2014 to only a few days on a single shift for 2014-current. The deterioration in Progress' load profile serves to highlight this special interest.
3. Progress' special interest is amplified by the extremely high rates it currently pays due to demand charges and the severe financial impact of the proposed rate increase which is heavily weighted toward the demand charge. To demonstrate this impact, the facility has been paying between \$0.21 and \$0.47/kWh including taxes since January 2016. This high cost/kWh results because running the shredder fewer hours with the same level of peak demand translates into an extremely low load factor of 5.4-10.2%.
4. For an extensive period of time, the facility managed the shredder load to exclude it from the on-peak demand. However, the facility still experienced a very high cost/kWh due to the minimum demand component which bills for 60% of the prior 11-month peak or contract demand. This type of operation is currently difficult to maintain, however, due to the existence of only one shift for the shredding operation. Progress will evaluate participation in Kentucky Power's demand response program, although this will not offset the current

proposed rate increase which it estimates at \$359,000 per year based on 5,500 kW of demand and 325,000 kWh each month. The rate increase will add an additional \$0.103/kWh on average to Progress's bill bringing the average bill to approximately \$0.45/kWh inclusive of taxes. The proposed increase creates untenable, additional significant costs for Progress on a perpetual basis, especially in light of the financial hardships already shouldered by the company.

5. Progress is also likely to present issues or develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceeding. In particular, Progress will explore the potential modification of Kentucky Power's approved economic development rider (Tariff E.D.R.) or development of a new load retention rider to alleviate the severe impacts of the proposed rates on Progress' operations. Given Progress' history as described in detail as follows, a rider of this sort is reasonable for consideration in this proceeding.
6. From 2010 through 2016, Progress has experienced a cumulative loss of 68% in gross tons of shredded metal shipped. The reduction in tons of shredded metal shipped over this period corresponds with a low market value of steel, associated reduced market value of scrap metal and a gradual and then more sudden loss of sales to Progress' primary steel producing customer. Combined with an operation that is highly equipment and capital intensive, this situation has resulted in extreme financial pressure and severely restricted operations.

7. Recently, Progress has been successful in expanding sales to other markets out of state, however this involves additional transportation costs, making it more difficult to compete with shredding operations in other states and has reached its economic limit. Progress needs to further reduce costs in order to compete in more distant or different markets temporarily until metal markets improve or existing markets strengthen. Progress believes this process could take 4-5 years and, thus, requests the Commission to grant Progress full intervention in this proceeding in order to allow Kentucky Power and Progress to collaboratively and constructively explore a modification of the existing economic development rider or development of a new load retention rider that would prove mutually advantageous to Progress and Kentucky Power, without having any adverse impact to Kentucky Power's other customer classes.

8. As previously noted, Progress will present issues and develop facts that will be helpful to the Commission in fully hearing this matter and participation by Progress will not unduly delay these proceedings, or unduly complicate or disrupt them. Progress intends to present testimony directly from the company as well as expert testimony from Mr. John Wolfram who has extensive utility experience having worked in the utility sector for over 25 years. Progress is aware of the hearing scheduled for July 24, 2017 on the motions to intervene as ordered by the Commission on July 12, 2017 and will be prepared to present both

the company's witness and Mr. Wolfram to address Progress' special interest in this proceeding.

9. The attorney for Progress authorized to represent it in this proceeding and to take service of all documents is:

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WHEREFORE, Progress respectfully requests that it be granted full intervenor status in the above captioned proceeding because the company has a special interest not otherwise adequately represented and because it is likely to present issues or develop facts which will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings.

Respectfully submitted,



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**COUNSEL FOR PROGRESS METAL
RECLAMATION COMPANY**

CERTIFICATE OF SERVICE

I certify that the attached Petition for Full Intervention is a true and accurate copy of the document being filed with the Commission in paper medium; that the electronic filing was transmitted to the Commission on July 14, 2017; that there are no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original and six copies of the filing in paper medium are being delivered to the Commission within two (2) business days.



Dennis G. Howard, II