

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

**IN THE MATTER OF:**

<b>ELECTRONIC APPLICATION OF</b>	)	
<b>KENTUCKY POWER COMPANY FOR (1) A</b>	)	
<b>GENERAL ADJUSTMENT OF ITS RATES</b>	)	
<b>FOR ELECTRIC SERVICE; (2) AN ORDER</b>	)	
<b>APPROVING ITS 2017 ENVIRONMENTAL</b>	)	
<b>COMPLIANCE PLAN; (3) AN ORDER</b>	)	<b>CASE NO. 2017-00179</b>
<b>APPROVING ITS TARIFFS AND RIDERS;</b>	)	
<b>(4) AN ORDER APPROVING ACCOUNTING</b>	)	
<b>PRACTICES TO ESTABLISH REGULATORY</b>	)	
<b>ASSETS AND LIABILITIES; AND (5) AN</b>	)	
<b>ORDER GRANTING ALL OTHER REQUIRED</b>	)	
<b>APPROVALS AND RELIEF</b>	)	

**DIRECT TESTIMONY AND EXHIBITS OF**

**GREGORY W. TILLMAN**

**ON BEHALF OF**

**WAL-MART STORES EAST, LP AND SAM'S EAST, INC.**

**Filed: October 3, 2017**

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**Introduction**

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

3 A. My name is Gregory W. Tillman. My business address is 2001 SE 10th St.,  
4 Bentonville, AR 72716-5530. I am employed by Wal-Mart Stores, Inc. as Senior  
5 Manager, Energy Regulatory Analysis.

6 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS DOCKET?**

7 A. I am testifying on behalf of Wal-Mart Stores East, LP and Sam's East, Inc.  
8 (collectively, "Walmart").

9 **Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.**

10 A. I earned a Bachelor of Science in Electrical Engineering from the University of Tulsa  
11 in 1987. I have more than 24 years of experience in the regulated and deregulated  
12 energy industry including roles in regulatory, pricing, billing, and metering  
13 information. After serving on active duty as a Signal Officer in the United States  
14 Army, I joined the Public Service Company of Oklahoma ("PSO") where I was  
15 employed in various positions in the Information Services, Business Planning, Rates  
16 and Regulatory, and Ventures departments from 1990 through 1997. Within the  
17 Rates and Regulatory department, I served as the Supervisor of Power Billing and  
18 Data Collection. In this position I managed the billing for large industrial and  
19 commercial customers and led the implementation of the company's real-time pricing  
20 program. I also managed the implementation of real-time pricing for three other  
21 utilities within the Central and South West Corporation – Southwestern Electric

1 Power Company, Central Power and Light, and West Texas Utilities. In 1997, I  
2 joined the Retail department of the Williams Energy Company as the manager of  
3 systems for the retail gas and electric data and billing systems. During my tenure at  
4 Williams I also managed the customer billing function at Thermogas as well as the  
5 billing and accounting systems support functions at Williams Communications. In  
6 2000, I joined Automated Energy where I served as the Vice President of Energy  
7 Solutions for two years. Following several assignments as a consultant and project  
8 manager in various industries, in 2008 I joined Oklahoma Gas & Electric Company  
9 ("OG&E") as a senior pricing analyst, was promoted to Manager of Pricing in  
10 January 2010, and became the Product Development Pricing Leader in 2013. While  
11 at OG&E, I was instrumental in developing and managing OG&E's pricing strategy  
12 and products, including the design and implementation of the OG&E's SmartHours™  
13 rate. I have been in my current position with Walmart since November 2015. My  
14 Witness Qualification Statement is included herein as Exhibit GWT-1.

15 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN THIS DOCKET?**

16 A. Yes. I testified in support of Walmart's intervention in this docket.

17 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN OTHER CASES**  
18 **BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION ("KPSC" OR**  
19 **"COMMISSION")?**

20 A. Yes. I submitted testimony in Case Nos. 2016-00370 and 2016-00371.

1       **Q.    HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE OTHER**  
2       **STATE REGULATORY COMMISSIONS?**

3       A.    Yes. I have testified in proceedings before the Arizona Corporation Commission, the  
4       Arkansas Public Service Commission, the Iowa Utilities Board, the Michigan Public  
5       Service Commission, the Oklahoma Corporation Commission, the South Carolina  
6       Public Service Commission, the Public Utility Commission of Texas, and the  
7       Wisconsin Public Service Commission. My testimony addressed the topics of  
8       revenue requirement, rate design, revenue allocation, pricing, customer impacts,  
9       tariffs, and terms and conditions of service. *See* Exhibit GWT-1.

10      **Q.    WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

11      A.    The purpose of my testimony is to respond to issues related to Kentucky Power  
12      Company's ("Kentucky Power" or "Company") rate case filing.

13      **Q.    ARE YOU SPONSORING ANY EXHIBITS WITH YOUR TESTIMONY?**

14      A.    Yes. I am sponsoring the exhibits listed in the Table of Contents.

15      **Q.    PLEASE BRIEFLY DESCRIBE WALMART'S OPERATIONS WITHIN**  
16      **KENTUCKY POWER'S SERVICE TERRITORY.**

17      Walmart has 9 retail units that take electric service from Kentucky Power. Primarily,  
18      Walmart takes service under rates Large General Service ("LGS") and Industrial  
19      General Service ("IGS").

20

**Summary of Recommendations**

1  
2       **Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS TO THE**  
3       **COMMISSION.**

4       **A.** My recommendations to the Commission are as follows:

5           1) The Commission should balance the interests of the Company with the interests of  
6           its customers. To that end, the Commission should thoroughly and carefully  
7           consider the financial impact of a rate increase on customers, paying particular  
8           attention to the Company's requested revenue requirement and Return on Equity  
9           ("ROE"). Such consideration ensures that any increase in the Company's rates  
10          reflects the minimum amount necessary to compensate the Company for adequate  
11          and reliable service, while also providing Kentucky Power an opportunity to earn  
12          a reasonable return.

13          2) The Commission should recognize that including Construction Work in Progress  
14          ("CWIP") in rate base favors the Company and its investors by shifting risk onto  
15          customers and reducing uncertainty of cost recovery.

16          3) The Commission should closely examine the Company's proposed revenue  
17          requirement increase and the associated ROE, especially when viewed in light of:

18           (a) The resulting revenue requirement increase impact on customers;

19           (b) The reduced risk associated with rate-making structures such as the  
20           inclusion of CWIP in rate base; and,

1           (c) Rate case ROEs approved by this Commission and commissions  
2           nationwide.

3           4) Walmart does not take a position on the Company's proposed Cost of Service  
4           Study ("COSS"); however, to the extent that alternative cost of service models or  
5           modifications to the Company's model are proposed by other parties, Walmart  
6           reserves the right to address any such proposals.

7           5) At the proposed revenue requirement, Walmart does not oppose the Company's  
8           proposed revenue allocation.

9           6) If the Commission ultimately approves a revenue requirement less than that  
10          proposed by the Company, the reduction in the revenue requirement increase  
11          should be used for the dual purposes of further reducing the currently existing  
12          inter-class subsidies, and reducing the impact to all customers as outlined within  
13          my testimony.

14          7) Walmart is not opposed to the Company's rate design for rates LGS and IGS.

15       **Q. DOES THE FACT THAT YOU MAY NOT ADDRESS AN ISSUE OR**  
16       **POSITION ADVOCATED BY THE COMPANY INDICATE WALMART'S**  
17       **SUPPORT?**

18       A. No. The fact that an issue is not addressed herein or in related filings should not be  
19       construed as an endorsement of any filed position.



**Kentucky Power Proposed Revenue Increase**

1  
2       **Q.    WHAT IS YOUR UNDERSTANDING OF THE COMPANY'S PROPOSED**  
3       **ELECTRIC REVENUE REQUIREMENT INCREASE?**

4       A.    Kentucky Power originally proposed a total increase of \$69,575,934, or 12.56  
5       percent.  *See* Direct Testimony of Ranie K. Wohnhas, p. 5, line 22 through p. 6,  
6       line 1.  This increase is based on a test year ending February 28, 2017.  *Id.* at 5,  
7       lines 11-12.  The proposed increase was subsequently reduced in a supplemental  
8       filing to reflect the results of certain financing activity in June 2017.

9       **Q.    WHAT IS YOUR UNDERSTANDING OF THE REDUCTION IN THE**  
10       **REQUESTED REVENUE REQUIREMENT INCREASE AS A RESULT OF**  
11       **THE JUNE 2017 FINANCING ACTIVITY?**

12       A.    The revenue requirement was reduced by \$8,133,797 as a result of the June 2017  
13       Financing Activity.  *See* Supplemental Direct Testimony of Ranie K. Wohnhas, p. 2,  
14       lines 8-9.  This reduction in revenue requirement resulted in a reduction of the  
15       Company's requested revenue increase to \$63,313,785.  This is \$6,262,152 below the  
16       original request.  *Id.* at 3, lines 1-2.



1           discussed above; (2) the use of risk-reducing rate-making structures such as the  
2           inclusion of CWIP in rate base; and, (3) recent rate case ROEs approved by this  
3           Commission and commissions nationwide.

4           ***Inclusion of CWIP in Rate Base***

5           **Q.   WHAT IS YOUR UNDERSTANDING OF THE COMMISSION'S**  
6           **TRADITIONAL TREATMENT OF CWIP IN RATE BASE?**

7           A.   It is my understanding that the Commission has long allowed utilities to include  
8           CWIP in rate base.

9           **Q.   ARE YOU CONCERNED WITH THE INCLUSION OF CWIP IN RATE**  
10           **BASE?**

11          A.   Yes. Including CWIP in rate base results in charges to ratepayers for assets that are  
12          not yet "*used and useful*" in providing electric service. Under the Company's  
13          proposal, ratepayers will pay for assets prior to receiving any benefits from those  
14          assets. This violates the matching principle (*i.e.*, customers should bear costs at the  
15          time they are receiving the corresponding benefits).

16                 The problem is compounded by changes in the number and mix of customers that  
17          occur during the construction process, before the asset becomes used and useful. For  
18          example, customers may pay for certain assets during the construction phase, but  
19          leave the system before those assets become operational, and thus receive no benefit  
20          for their portion of the cost of the assets for which they paid.

1       **Q.    ARE THERE OTHER CONCERNS WITH INCLUDING CWIP IN RATE**  
2       **BASE THAT THE COMMISSION SHOULD CONSIDER?**

3       A.    Yes. First, including CWIP in rate base shifts risk onto ratepayers that, traditionally,  
4       is assumed by the utility's investors. Investors are compensated for bearing this risk  
5       through the authorization of a return on the investment and the value of financing the  
6       construction once the asset is placed in service. Including CWIP in rate base places  
7       the risk on the utility's customers who receive no current benefit for the use of their  
8       money. Second, if the Company encounters problems during the construction of the  
9       plant resulting in stoppage of the construction, non-completion of the project, and/or a  
10      substantial delay in the project's completion, investors are not incentivized to rectify  
11      the delays and/or stoppages, and ratepayers have no recourse for recovering or  
12      mitigating the cost of financing the asset's construction.

13      **Q.    WHAT IS WALMART'S POSITION REGARDING INCLUDING CWIP IN**  
14      **RATE BASE?**

15      A.    While Walmart is concerned with the inclusion of CWIP in a utility's rate base,  
16      Walmart recognizes that the Commission has long allowed this practice in Kentucky.  
17      Walmart recommends that the Commission should recognize that including CWIP in  
18      rate base favors the Company and its investors by shifting risk onto customers and  
19      reducing uncertainty of cost recovery.

1 *National Utility Industry ROE Trends*

2 **Q. IS THE COMPANY'S PROPOSED ROE HIGHER THAN THE AVERAGE OF**  
3 **THOSE APPROVED BY OTHER UTILITY REGULATORY**  
4 **COMMISSIONS?**

5 A. Yes. The requested ROE of 10.31 percent exceeds the average ROE approved by  
6 other utility regulatory commissions in 2014, 2015, 2016 and thus far in 2017. *See*  
7 Exhibit GWT-2.

8 **Q. WHAT IS YOUR UNDERSTANDING OF THE ROE AWARDED IN RECENT**  
9 **RATE CASES?**

10 A. According to data from SNL Financial,<sup>1</sup> a financial news and reporting company,  
11 there have been 110 reported electric utility rate case ROEs authorized by state  
12 regulatory commissions for investor-owned electric utilities in 2014, 2015, 2016, and  
13 so far in 2017. *See id.* The average of the reported ROEs in those cases is 9.65  
14 percent. The range of reported authorized ROEs for the same period is 8.64 percent  
15 to 10.55 percent, and the median authorized ROE is 9.64 percent. *See id.*

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<sup>1</sup> Regulatory Research Associates is part of SNL Financial.

1       **Q. SEVERAL OF THE REPORTED AUTHORIZED ROES ARE FOR**  
2       **DISTRIBUTION-ONLY UTILITIES OR FOR ONLY A UTILITY'S**  
3       **DISTRIBUTION SERVICE RATES. WHAT IS THE AVERAGE**  
4       **AUTHORIZED ROE IN THE REPORTED GROUP FOR VERTICALLY**  
5       **INTEGRATED UTILITIES LIKE KENTUCKY POWER?**

6       A. In the group reported by SNL Financial, the average ROE for vertically integrated  
7       utilities authorized from 2014 through present is 9.79 percent; however, there is a  
8       continuing declining trend in authorized ROEs for vertically integrated utilities over  
9       this time period. *Id.*

10      **Q. PLEASE EXPLAIN.**

11      A. The average ROE authorized for vertically integrated utilities in 2014 was 9.92%, in  
12      2015 it was 9.75%, in 2016 it was 9.77%, and so far in 2017 it is 9.70%. *Id.* As such,  
13      the Company's proposed 10.31 percent ROE is counter to broader electric industry  
14      trends.

15      **Q. IS WALMART RECOMMENDING THAT THE COMMISSION BE BOUND**  
16      **BY ROEs AUTHORIZED BY OTHER STATE REGULATORY AGENCIES?**

17      A. No. Decisions of other state regulatory commissions are not binding on this  
18      Commission. Additionally, each commission considers the specific circumstances in  
19      each case in its determination of the proper ROE. Walmart is providing this  
20      information to illustrate a national customer perspective on industry trends in  
21      authorized ROE. In addition to using recent authorized ROEs as a general gauge of

1           reasonableness for the various cost of equity analyses presented in this case, the  
2           Commission should consider how its authorized ROE impacts customers relative to  
3           other jurisdictions.

4           **Q. IS THE COMPANY'S PROPOSED ROE HIGHER THAN THE MOST**  
5           **RECENT ROE AWARDS IN KENTUCKY?**

6           A. Yes. On June 22, 2017, the Commission authorized an ROE of 9.70 percent for both  
7           Kentucky Utilities Company and Louisville Gas & Electric Company. *Id.* As such,  
8           the Company's request exceeds recent Commission awards by 61 basis points.

9           **Q. WHAT IS THE REVENUE REQUIREMENT IMPACT IF THE**  
10           **COMMISSION WERE TO AWARD AN ROE OF 9.70 PERCENT, THE**  
11           **AVERAGE ROE AWARDED FOR VERTICALLY INTEGRATED**  
12           **UTILITIES THUS FAR IN 2017 AND THE MOST RECENT ROE AWARDS**  
13           **IN KENTUCKY?**

14           A. Authorizing Kentucky Power an ROE of 9.70 percent instead of the requested 10.31  
15           percent would result in a reduction to the requested base revenue requirement  
16           increase, inclusive of taxes, of about \$5.0 million. This represents about 8.35 percent  
17           of the Company's requested base revenue requirement increase. *See* Exhibit GWT-3.







1       **Q.    ARE THERE INSTANCES IN WHICH THE COMMISSION WOULD**  
2       **ASSIGN DIFFERENT REVENUE TO INDIVIDUAL CLASSES THAN IS**  
3       **CALLED FOR WITHIN THE COSS, RESULTING IN INTER-CLASS**  
4       **SUBSIDIES?**

5       A.    Yes.  At times, the regulator may find it necessary to approve a level of revenue  
6       requirement to a particular class which differs from the cost responsibility amount  
7       determined in the COSS.  This is often driven by the need to ensure that customers  
8       are not seriously adversely impacted by major changes to the level of rates.  Other  
9       reasons can include perceived differences in COSS results and reality, relative risks  
10      assigned to classes, social goals associated with the role of the prices in a particular  
11      jurisdiction, and response to the state of the economy within or external to the  
12      regulatory jurisdiction.  The Commission may exercise its discretion based on one or  
13      more of these concerns to adjust revenue allocation to support policy or advance the  
14      public interest.  However, these adjustments often result in rates that are not cost-  
15      based and, as a result, not just, reasonable, and equitable.

16      **Q.    WHAT IS THE ULTIMATE GOAL WHEN ALLOCATING REVENUE?**

17      A.    To the extent possible, inter-class subsidies should be eliminated through a revenue  
18      allocation that reflects the cost of service.  If this is not possible in the immediate  
19      case, the Commission should establish a clear path to the elimination or reduction of  
20      undesired subsidies, continually moving each class closer to their respective cost of

1 service until undesired subsidies are eliminated and price signals, thus system  
2 efficiency, are improved.

3 **Q. HOW DOES THE COMPANY REPRESENT THE ACCURACY OF THE**  
4 **PROPOSED CLASS REVENUES IN THEIR REFLECTION OF THE**  
5 **UNDERLYING COSTS OF EACH CLASS?**

6 A. The Company represents this relationship in their cost of service results through the  
7 use of class-specific rates of return. These are converted into a relative rate of return  
8 ("RROR") for each class, which describes the relationship between each class-  
9 specific rate of return and the total system rate of return. An RROR greater than one  
10 means that the rate class is paying rates in excess of the costs incurred to serve that  
11 class, and an RROR less than one means that the rate class is paying rates less than  
12 the costs incurred to serve that class. As such, when rates are set such that a class  
13 does not have an RROR equal to one there are inter-class subsidies, as those rate  
14 classes with an RROR greater than one shoulder some of the revenue responsibility  
15 burden for the classes with an RROR less than one.

16 **Q. WHAT IS THE RROR FOR EACH CLASS AT PRESENT RATES AND THE**  
17 **COMPANY'S PROPOSED REVENUE ALLOCATION?**

18 A. The present and proposed RROR for each class is shown in Table 1. *See* Exhibit  
19 GWT-4.

1

**Table 1: Present and Proposed Relative Rates of Return**

Class Relative Rates of Return				
Customer Class	Present		Proposed	
	Rate of Return	Relative Rate of Return	Rate of Return	Relative Rate of Return
Residential (RS)	0.82%	0.22	4.03%	0.60
Small General Service (SGS)	10.26%	2.80	13.00%	1.93
Medium General Service (MGS)	7.98%	2.18	10.84%	1.61
Large General Service (LGS)	7.99%	2.18	10.85%	1.61
Industrial General Service (IGS)	5.20%	1.42	8.19%	1.22
Public Schools (PS)	5.89%	1.61	8.86%	1.32
Municipal Waterworks (MW)	10.89%	2.98	13.60%	2.02
Outdoor Lighting (OL)	14.78%	4.04	17.30%	2.57
Street Lighting (SL)	15.37%	4.20	17.86%	2.65
<b>Total Jurisdiction</b>	<b>3.66%</b>	<b>1.00</b>	<b>6.73%</b>	<b>1.00</b>

Source: KPCO\_SR\_KPSC\_1\_73\_Attachment97

2       **Q.    DOES THE COMPANY'S PROPOSED REVENUE ALLOCATION MOVE**  
 3       **RATE CLASSES CLOSER TO THEIR RESPECTIVE COSTS OF SERVICE?**

4       A.    Yes, all classes are moved toward the cost of service in the Company's proposed  
 5       revenue allocation. As such, the Company's proposed revenue allocation reduces the  
 6       subsidy levels for all classes.

7       **Q.    AT THE PROPOSED REVENUE REQUIREMENT, DOES WALMART**  
 8       **OPPOSE THE COMPANY'S REVENUE ALLOCATION?**

9       A.    At the proposed revenue requirement, Walmart does not oppose the Company's  
 10       proposed revenue allocation.



1 components that reflected the proposed revenue requirements, however these prices  
2 were not updated in the Company's supplemental filing to reflect the updated revenue  
3 for each of the classes based on the June 2017 Financing Activity.

4 **Q. HAS THE COMPANY INDICATED ITS EXPECTED IMPACT OF THE**  
5 **REDUCED REVENUE REQUIREMENT ON THE RATE DESIGN AND THE**  
6 **PROPOSED RATES?**

7 A. Yes. In the Company's response to Kentucky Commercial Utility Customer, Inc.'s  
8 ("KCUC") Second Set of Data Requests, No. KCUC\_2\_009, the Company stated that  
9 the proposed rate design would not change. Additionally, the Company stated that  
10 the proposed rates would be lower due to the decrease in revenue requirement  
11 resulting from the June 2017 Financing Activity. *See* Exhibit GWT-5.

12 **Q. DOES WALMART OPPOSE THE COMPANY'S PROPOSED RATE DESIGN**  
13 **FOR RATES LGS AND IGS?**

14 A. No. Walmart is not opposed to the Company's rate design for rates LGS and IGS.

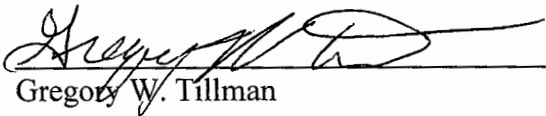
15 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

16 A. Yes.


**VERIFICATION**

**STATE OF ARKANSAS** )  
 ) **SS:**  
**COUNTY OF BENTON** )

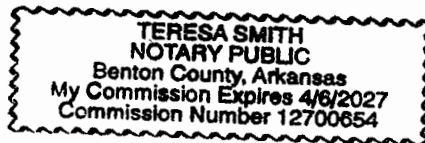
The undersigned, Gregory W. Tillman, being duly sworn, deposes and says that he is Senior Manager, Energy Regulatory Analysis for Wal-Mart Stores, Inc., and that he has personal knowledge of the matters set forth in the foregoing testimony, and that the answers contained herein are true and correct to the best of his information, knowledge and belief.

  
\_\_\_\_\_  
Gregory W. Tillman

Subscribed and sworn to before me, a Notary Public in and before said County and State,  
this 28<sup>th</sup> day of September 2017.

  
\_\_\_\_\_  
Notary Public (SEAL)

My Commission Expires:



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# Gregory W. Tillman

Senior Manager, Energy Regulatory Analysis

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Business Phone: (479) 204-7993

---

## EXPERIENCE

**November 2015 – Present**

**Wal-Mart Stores, Inc.**, Bentonville, AR

Senior Manager, Energy Regulatory Analysis

**November 2008 – November 2015**

**Oklahoma Gas & Electric**, Oklahoma City, OK

Product Development Pricing Leader

Manager, Pricing

Senior Pricing Analyst

**May 2006 – November 2008**

**LSG Solutions**, Oklahoma City, OK

Project Manager, International Registration Plan/Interstate Fuel Tax Agreement Systems Development

**August 2002 – May 2006**

**OnPeak Utility Solutions**, Oklahoma City, OK

Owner/Consultant

**May 2000 – August 2002**

**Automated Energy, Inc.**, Oklahoma City, OK

Vice President, Utility Solutions

**November 1997 – May 2000**

**Williams Energy**, Tulsa, OK

Sr. Manager Accounting Services

Process Manager, Customer Billing and Accounting

Retail Systems Manager, Billing and Electricity

**May 1990 – November 1997**

**Public Service Company of Oklahoma**, Tulsa, OK

Manager, Software Development and Support

Supervisor, Data Translation and Power Billing

Administrator, Disaster Recovery and Research and Development

Programmer/Analyst

**June 1987 – May 1990**

**United States Army, Signal Command**, Ft. Monmouth, NJ

Project Officer, Joint Tactical Information Distribution System

**Wal-Mart Stores East, LP and Sam's East, Inc.**  
**Exhibit GWT-1**  
**Kentucky Public Service Commission, Case No. 2017-00179**

**EDUCATION**

1991-1994	<b>The University of Tulsa</b>	Graduate Coursework, M.B.A.
1987	<b>The University of Tulsa</b>	B.S., Electrical Engineering

**TESTIMONY BEFORE REGULATORY COMMISSIONS**

**2017**

Public Service Commission of Wisconsin Docket No. 4220-UR-123: Application of Northern States Power Company, a Wisconsin Corporation for Authority to Adjust Electric and Natural Gas Rates

Michigan Public Service Commission Case No. U-18255. In the matter of the Application of DTE ELECTRIC COMPANY for authority to increase its rates for its rate schedules and rules governing the generation and distribution of electricity and for other relief.

Michigan Public Service Commission Case No. U-18322. In the matter of the Application of CONSUMERS ENERGY COMPANY for authority to increase its rates for its rate schedules and rules governing the generation and distribution of electricity and for other relief.

Iowa Utilities Board Docket No. RPU-2017-0001: In re: Interstate Power and Light Company.

Public Service Commission of Kentucky Case No. 2017-00179: In the Matter of the 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 Riders; (4) An Order Approving Accounting Practices to Establish Regulatory Assets and Liabilities; and (5) An Order Granting all other Required Approvals and Relief.

Public Service Commission of Kentucky Case No. 2016-00370: In the Matter of the Electronic Application of Kentucky Utilities Company for an Adjustment of Its Electric Rates and for Certificates of Public Convenience and Necessity.

Public Service Commission of Kentucky Case No. 2016-00371: In the Matter of the Electronic Application of Louisville Gas and Electric Company for an Adjustment of Its Electric and Gas Rates and for Certificates of Public Convenience and Necessity.

**2016**

Arizona Corporation Commission Docket No. E-01345A-16-0036: In the Matter of the Application of Arizona Public Service Company for a Hearing to Determine the Fair Value of the Utility Property of the Company for Ratemaking Purposes, to Fix a Just and Reasonable Rate of Return Thereon, to Approve Rate Schedules Designed to Develop Such Return.

Public Service Commission of South Carolina Docket No. 2016-227-E: IN RE: Application of Duke Energy Progress, LLC for Authority to Adjust and Increase Its Electric Rates and Charges

Arkansas Public Service Commission Docket No. 16-027-R: In The Matter of Net Metering and The Implementation of Act 827 of 2015.

Public Utility Commission of Texas Docket No. 45524, in the matter of the Application of Southwestern Public Service for Authority to Change Rates

Public Service Commission of Wisconsin Docket No. 4220-UR-122: Application of Northern States Power Company, a Wisconsin Corporation for Authority to Adjust Electric and Natural Gas Rates

**Wal-Mart Stores East, LP and Sam's East, Inc.**  
**Exhibit GWT-1**  
**Kentucky Public Service Commission, Case No. 2017-00179**

Michigan Public Service Commission Case No. U-18014. In the matter of the Application of DTE ELECTRIC COMPANY for authority to increase its rates, amend its rate schedules and rules governing the distribution and supply of electric energy, and for miscellaneous accounting authority.

Arizona Corporation Commission Docket No. E-01933A-15-0322: In the Matter of the Application of Tucson Electric Power Company For the Establishment of Just and Reasonable Rates and Charges Designed to Realize a Reasonable Rate of Return on the Fair Value of the Properties of Tucson Electric Power Company Devoted to its Operations Throughout the State of Arizona, and for Related Approvals.

**2015**

Arizona Corporation Commission Docket No. E-04204A-15-0142: In the Matter of the Application of UNS Electric, Inc. For the Establishment of Just and Reasonable Rates and Charges Designed to Realize a Reasonable Rate of Return on the Fair Value of the Properties of UNS Electric, Inc. Devoted to Its Operations Throughout the State of Arizona, and for Related Approvals.

**2012**

Arkansas Public Service Commission Docket No. 12-067-U: In the Matter of the Application of Oklahoma Gas and Electric Company for an Order Approving a Temporary Surcharge to Recover the Costs of a Renewable Wind Generation Facility

**2011**

Oklahoma Corporation Commission Cause No. PUD 201100087: In the Matter of the Application of Oklahoma Gas and Electric Company for an Order of the Commission Authorizing Applicant to Modify its Rates, Charges, and Tariffs for Retail Electric Service in Oklahoma

**2010**

Arkansas Public Service Commission Docket No. 10-067-U: In the Matter of the Application of Oklahoma Gas and Electric Company for Approval of a General Change in Rates and Tariffs

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

**IN THE MATTER OF:**

<b>ELECTRONIC APPLICATION OF</b>	)	
<b>KENTUCKY POWER COMPANY FOR (1) A</b>	)	
<b>GENERAL ADJUSTMENT OF ITS RATES</b>	)	
<b>FOR ELECTRIC SERVICE; (2) AN ORDER</b>	)	
<b>APPROVING ITS 2017 ENVIRONMENTAL</b>	)	
<b>COMPLIANCE PLAN; (3) AN ORDER</b>	)	<b>CASE NO. 2017-00179</b>
<b>APPROVING ITS TARIFFS AND RIDERS;</b>	)	
<b>(4) AN ORDER APPROVING ACCOUNTING</b>	)	
<b>PRACTICES TO ESTABLISH REGULATORY</b>	)	
<b>ASSETS AND LIABILITIES; AND (5) AN</b>	)	
<b>ORDER GRANTING ALL OTHER REQUIRED</b>	)	
<b>APPROVALS AND RELIEF</b>	)	

**EXHIBIT GWT-2 OF**  
**GREGORY W. TILLMAN**  
**ON BEHALF OF**  
**WAL-MART STORES EAST, LP AND SAM'S EAST, INC.**

## Reported Authorized Returns on Equity, Electric Utility Rate Cases Completed, 2014 to Present

State	Utility	Docket	Decision Date	Vertically Integrated (V)/Distribution (D)	Return on Equity (%)
New York	Consolidated Edison Co. of NY	13-E-0030	2/20/2014	D	9.20%
North Dakota	Northern States Power Co.	PU-12-813	2/26/2014	V	9.75%
New Hampshire	Liberty Utilities Granite St	DE-13-063	3/17/2014	D	9.55%
District of Columbia	Potomac Electric Power Co.	1103-2013-E	3/26/2014	D	9.40%
New Mexico	Southwestern Public Service Co	12-00350-UT	3/26/2014	V	9.96%
Delaware	Delmarva Power & Light Co.	13-115	4/2/2014	D	9.70%
Texas	Entergy Texas Inc.	41791	5/16/2014	V	9.80%
Massachusetts	Fitchburg Gas & Electric Light	13-90	5/30/2014	D	9.70%
Wisconsin	Wisconsin Power and Light Co	6680-UR-119	6/6/2014	V	10.40%
Maine	Emera Maine	2013-00443	6/30/2014	D	9.55%
Maryland	Potomac Electric Power Co.	9336	7/2/2014	D	9.62%
Louisiana	Entergy Louisiana LLC (New Orleans)	UD-13-01	7/10/2014	V	9.95%
New Jersey	Rockland Electric Company	ER-13111135	7/23/2014	D	9.75%
Maine	Central Maine Power Co.	2013-00168	7/29/2014	D	9.45%
Wyoming	Cheyenne Light Fuel Power Co.	20003-132-ER-13	7/31/2014	V	9.90%
Arkansas	Entergy Arkansas Inc.	13-028-U <sup>1</sup>	8/15/2014	V	9.50%
New Jersey	Atlantic City Electric Co.	ER-14030245	8/20/2014	D	9.75%
Vermont	Green Mountain Power Corp	8190, 8191	8/25/2014	V	9.60%
Utah	PacifiCorp	13-035-184	8/29/2014	V	9.80%
Florida	Florida Public Utilities Co.	140025-EI	9/15/2014	V	10.25%
Nevada	Nevada Power Co.	14-05004	10/9/2014	V	9.80%
Illinois	MidAmerican Energy Co.	14-0066	11/6/2014	V	9.56%
Wisconsin	Wisconsin Public Service Corp.	6690-UR-123	11/6/2014	V	10.20%
Wisconsin	Wisconsin Electric Power Co.	05-UR-107	11/14/2014	V	10.20%
Virginia	Appalachian Power Co.	PUE-2014-00026	11/26/2014	V	9.70%
Wisconsin	Madison Gas and Electric Co.	3270-UR-120	11/26/2014	V	10.20%
Oregon	Portland General Electric Co.	UE-283	12/4/2014	V	9.68%
Illinois	Commonwealth Edison Co.	14-0312	12/10/2014	D	9.25%
Illinois	Ameren Illinois	14-0317	12/10/2014	D	9.25%
Mississippi	Entergy Mississippi Inc.	2014-UN-0132	12/11/2014	V	10.07%
Wisconsin	Northern States Power Co.	4220-UR-120	12/12/2014	V	10.20%
Connecticut	Connecticut Light & Power Co.	14-05-06	12/17/2014	D	9.17%
Colorado	Black Hills Colorado Electric	14AL-0393E	12/18/2014	V	9.83%
Wyoming	PacifiCorp	20000-446-ER-14	1/23/2015	V	9.50%
Colorado	Public Service Co. of CO	14AL-0660E	2/24/2015	V	9.83%
New Jersey	Jersey Central Power & Light Co.	ER-12111052	3/18/2015	D	9.75%
Washington	PacifiCorp	UE-140762	3/25/2015	V	9.50%
Minnesota	Northern States Power Co.	E-002/GR-13-868	3/26/2015	V	9.72%
Michigan	Wisconsin Public Service Corp.	U-17669	4/23/2015	V	10.20%
Missouri	Union Electric Co.	ER-2014-0258	4/29/2015	V	9.53%
West Virginia	Appalachian Power Co.	14-1152-E-42-T	5/26/2015	V	9.75%
New York	Central Hudson Gas & Electric	14-E-0318	6/17/2015	D	9.00%
New York	Consolidated Edison Co. of NY	15-E-0050	6/17/2015	D	9.00%
Missouri	Kansas City Power & Light	ER-2014-0370	9/2/2015	V	9.50%
Kansas	Kansas City Power & Light	15-KCPE-116-RTS	9/10/2015	V	9.30%
New York	Orange & Rockland Utlts Inc.	14-E-0493	10/15/2015	D	9.00%
Michigan	Consumers Energy Co.	U-17735	11/19/2015	V	10.30%
Wisconsin	Wisconsin Public Service Corp.	6690-UR-124	11/19/2015	V	10.00%
Wisconsin	Northern States Power Co.	4220-UR-121	12/3/2015	V	10.00%
Illinois	Ameren Illinois	15-0305	12/9/2015	D	9.14%
Illinois	Commonwealth Edison Co.	15-0287	12/9/2015	D	9.14%
Michigan	DTE Electric Co.	U-17767	12/11/2015	V	10.30%

## Reported Authorized Returns on Equity, Electric Utility Rate Cases Completed, 2014 to Present

State	Utility	Docket	Decision Date	Vertically Integrated (V)/Distribution (D)	Return on Equity (%)
New York	Consolidated Edison Co. of NY	13-E-0030	2/20/2014	D	9.20%
Oregon	Portland General Electric Co.	UE 294	12/15/2015	V	9.60%
Texas	Southwestern Public Service Co	43695	12/17/2015	V	9.70%
Idaho	Avista Corp.	AVU-E-15-05	12/18/2015	V	9.50%
Wyoming	PacifiCorp	20000-469-ER-15	12/30/2015	V	9.50%
Washington	Avista Corp.	UE-150204	1/6/2016	V	9.50%
Arkansas	Entergy Arkansas Inc.	15-015-U	2/13/2016	V	9.75%
Indiana	Indianapolis Power & Light Co.	44576	3/16/2016	V	9.85%
Massachusetts	Fitchburg Gas & Electric Light	15-80	4/29/2016	D	9.80%
Maryland	Baltimore Gas and Electric Co.	9406	6/3/2016	D	9.75%
New Mexico	El Paso Electric Co.	15-00127-UT	6/8/2016	V	9.48%
New York	NY State Electric & Gas Corp.	15-E-0283	6/15/2016	D	9.00%
New York	Rochester Gas & Electric Corp.	15-E-0285	6/15/2016	D	9.00%
Indiana	Northern Indiana Public Service Co.	44688	7/18/2016	V	9.98%
Tennessee	Kingsport Power Company	16-00001	8/9/2016	V	9.85%
Arizona	UNS Electric Inc.	E-04204A-15-0142	8/18/2016	V	9.50%
New Jersey	Atlantic City Electric Co.	ER-16030252	8/24/2016	D	9.75%
Washington	PacifiCorp	UE-152253	9/1/2016	V	9.50%
Michigan	Upper Peninsula Power Co.	U-17895	9/8/2016	V	10.00%
New Mexico	Public Service Co. of NM	15-00127-UT	9/28/2016	V	9.58%
Massachusetts	Massachusetts Electric Co.	15-155	9/30/2016	D	9.90%
Wisconsin	Madison Gas and Electric Co.	3270-UR-121	11/9/2016	V	9.80%
Oklahoma	Public Service Company of OK	PUD 201500208	11/10/2016	V	9.50%
Maryland	Potomac Electric Power Co.	9418	11/15/2016	D	9.55%
Wisconsin	Wisconsin Power and Light Co	6680-UR-120	11/18/2016	V	10.00%
Florida	Florida Power & Light Co.	160021-EI	11/29/2016	V	10.55%
California	Liberty Utilities CalPeco	A15-05-008	12/1/2016	V	10.00%
Illinois	Ameren Illinois	16-0262	12/6/2016	D	8.64%
Illinois	Commonwealth Edison Co.	16-0259	12/6/2016	D	8.64%
South Carolina	Duke Energy Progress Inc.	2016-227-E	12/7/2016	V	10.10%
New Jersey	Jersey Central Power & Light Co.	ER-16040383	12/12/2016	D	9.60%
Connecticut	United Illuminating Co.	16-06-04	12/14/2016	D	9.10%
Colorado	Black Hills Colorado Electric	16AL-0326E	12/19/2016	V	9.37%
Maine	Emera Maine	2015-00360	12/19/2016	D	9.00%
North Carolina	Virginia Electric & Power Co.	E-22 Sub 532	12/22/2016	V	9.90%
Nevada	Sierra Pacific Power Co.	16-06006	12/22/2016	V	9.60%
Idaho	Avista Corp.	AVU-E-16-03	12/28/2016	V	9.50%
Wyoming	MDU Resources Group Inc.	2004-117-ER-16	1/18/2017	V	9.45%
New York	Consolidated Edison Co. of NY	16-E-0060	1/24/2017	D	9.00%
Michigan	DTE Electric Co.	U-18014	1/31/2017	V	10.10%
Maryland	Delmarva Power & Light Co.	9424	2/15/2017	D	9.60%
New Jersey	Rockland Electric Company	ER-16050428	2/22/2017	D	9.60%
Arizona	Tucson Electric Power Co.	E-01933A-15-0322	2/24/2017	V	9.75%
Michigan	Consumers Energy Co.	U-17990	2/28/2017	V	10.10%
Minnesota	Otter Tail Power Co.	E-017/GR-15-1033	3/2/2017	V	9.41%
Oklahoma	Oklahoma Gas & Electric Co.	PUD 201500273	3/20/2017	V	9.50%
Florida	Gulf Power Co.	160186-EI	4/4/2017	V	10.25%
New Hampshire	Liberty Utilities Granite St	DE-16-383	4/12/2017	D	9.40%
New Hampshire	Unitil Energy Systems Inc.	DE-16-384	4/20/2017	D	9.50%
Missouri	Kansas City Power & Light	ER-2016-0285	5/3/2017	V	9.50%
Minnesota	Northern States Power Co.	E-022/GR-15-826	5/11/2017	V	9.20%
Arkansas	Oklahoma Gas & Electric Co.	16-052-U	5/18/2017	V	9.50%

**Reported Authorized Returns on Equity, Electric Utility Rate Cases Completed, 2014 to Present**

State	Utility	Docket	Decision Date	Vertically Integrated (V)/Distribution (D)	Return on Equity (%)
New York	Consolidated Edison Co. of NY	13-E-0030	2/20/2014	D	9.20%
Delaware	Delmarva Power & Light Co.	16-0649	5/23/2017	D	9.70%
North Dakota	MDU Resources Group Inc.	PU-16-666	6/16/2017	V	9.65%
Kentucky	Kentucky Utilities Co.	2016-00370	6/22/2017	V	9.70%
Kentucky	Louisville Gas & Electric Co.	2016-00371	6/22/2017	V	9.70%
District of Columbia	Potomac Electric Power Co.	FC-1139	7/24/2017	D	9.50%
Arizona	Arizona Public Service Co.	E-01345A-16-0036	8/15/2017	V	10.00%
New Jersey	Atlantic City Electric Co.	D-ER-17030308	9/22/2017	D	9.60%

<sup>1</sup> The Arkansas Public Service Commission originally approved a 9.3% ROE, but increased it to 9.5% on rehearing. See Order No. 35, Arkansas Docket 13-028-U.

**Entire Period**

# of Decisions	110	
Average (All Utilities)		9.65%
Average (Distribution Only)		9.38%
Average (Vertically Integrated Only)		9.79%
Median		9.64%
Minimum		8.64%
Maximum		10.55%

**2014**

# of Decisions	33	
Average (All Utilities)		9.75%
Average (Distribution Only)		9.49%
Average (Distribution Only, exc. IL FRP)		9.53%
Average (Vertically Integrated Only)		9.92%

**2015**

# of Decisions	23	
Average (All Utilities)		9.60%
Average (Distribution Only)		9.17%
Average (Distribution Only, exc. IL FRP)		9.19%
Average (Vertically Integrated Only)		9.75%

**2016**

# of Decisions	32	
Average (All Utilities)		9.60%
Average (Distribution Only)		9.31%
Average (Distribution Only, exc. IL FRP)		9.45%
Average (Vertically Integrated Only)		9.77%

**2017**

# of Decisions	22	
Average (All Utilities)		9.62%
Average (Distribution Only)		9.49%
Average (Distribution Only, exc. IL FRP)		9.49%
Average (Vertically Integrated Only)		9.70%

Source: SNL Financial LC, August 21, 2017



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

**IN THE MATTER OF:**

<b>ELECTRONIC APPLICATION OF</b>	)	
<b>KENTUCKY POWER COMPANY FOR (1) A</b>	)	
<b>GENERAL ADJUSTMENT OF ITS RATES</b>	)	
<b>FOR ELECTRIC SERVICE; (2) AN ORDER</b>	)	
<b>APPROVING ITS 2017 ENVIRONMENTAL</b>	)	
<b>COMPLIANCE PLAN; (3) AN ORDER</b>	)	<b>CASE NO. 2017-00179</b>
<b>APPROVING ITS TARIFFS AND RIDERS;</b>	)	
<b>(4) AN ORDER APPROVING ACCOUNTING</b>	)	
<b>PRACTICES TO ESTABLISH REGULATORY</b>	)	
<b>ASSETS AND LIABILITIES; AND (5) AN</b>	)	
<b>ORDER GRANTING ALL OTHER REQUIRED</b>	)	
<b>APPROVALS AND RELIEF</b>	)	

**EXHIBIT GWT-3 OF**  
**GREGORY W. TILLMAN**  
**ON BEHALF OF**  
**WAL-MART STORES EAST, LP AND SAM'S EAST, INC.**

### Calculation of Revenue Requirement Impact of KPCo's Proposed ROE vs 9.70 Percent

(1)	Section V Schedule 2 P1	KPC Requested Rate of Return	6.75%
		1) Calculate Rate of Return Using ROE = 9.70%	
		<b>Capital Component</b>	<b>Percentage of</b>
			<b>Total</b>
			<b>Cost</b>
			<b>Weighted Cost</b>
(2)	Section V Schedule 2 P1	Long Term Debt	54.45%
(3)	Section V Schedule 2 P1	Short Term Debt	0.00%
		Accounts Receivables Financing	3.87%
(4)	(ROE = 9.70%)	Common Equity	41.68%
(5)	(2)+(3)+(4)	<b>Rate of Return (ROE = 9.70%)</b>	<b>6.49%</b>
		2) Calculate Revenue Requirement Impact at the Propose ROE	
(6)	Section V Schedule 2 P1	Rate Base (\$000)	\$ 1,191,785
(7)	= (5)	Rate of Return (ROE = 9.70%)	6.49%
(8)	(6) x (7)	Adjusted Income Requirement (ROE = 9.70%)	\$ 77,376
(9)	Section V Schedule 1	KPC Proposed Income Requirement (\$000)	\$ 80,446
(10)	(9) - (8)	Difference in Income Requirement (\$000)	\$ 3,070
(11)	Section V Schedule 2	Conversion Factor	1.6433
(12)	(10) x (11)	<b>Difference in Revenue Requirement (\$000)</b>	<b>\$ 5,044</b>
(13)	Section V Schedule 1	Requested Revenue Requirement Increase (\$000)	\$ 60,397
(14)	(12) / (13)	<b>Percent of Increase from ROE Difference</b>	<b>8.35%</b>

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

**IN THE MATTER OF:**

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<b>KENTUCKY POWER COMPANY FOR (1) A</b>	)	
<b>GENERAL ADJUSTMENT OF ITS RATES</b>	)	
<b>FOR ELECTRIC SERVICE; (2) AN ORDER</b>	)	
<b>APPROVING ITS 2017 ENVIRONMENTAL</b>	)	
<b>COMPLIANCE PLAN; (3) AN ORDER</b>	)	<b>CASE NO. 2017-00179</b>
<b>APPROVING ITS TARIFFS AND RIDERS;</b>	)	
<b>(4) AN ORDER APPROVING ACCOUNTING</b>	)	
<b>PRACTICES TO ESTABLISH REGULATORY</b>	)	
<b>ASSETS AND LIABILITIES; AND (5) AN</b>	)	
<b>ORDER GRANTING ALL OTHER REQUIRED</b>	)	
<b>APPROVALS AND RELIEF</b>	)	

**EXHIBIT GWT-4 OF**  
**GREGORY W. TILLMAN**  
**ON BEHALF OF**  
**WAL-MART STORES EAST, LP AND SAM'S EAST, INC.**

<b>Class Relative Rates of Return</b>				
<b>Customer Class</b>	<b>Present</b>		<b>Proposed</b>	
	<b>Rate of Return</b>	<b>Relative Rate of Return</b>	<b>Rate of Return</b>	<b>Relative Rate of Return</b>
<b>Residential (RS)</b>	0.82%	0.22	4.03%	0.60
<b>Small General Service (SGS)</b>	10.26%	2.80	13.00%	1.93
<b>Medium General Service (MGS)</b>	7.98%	2.18	10.84%	1.61
<b>Large General Service (LGS)</b>	7.99%	2.18	10.85%	1.61
<b>Industrial General Service (IGS)</b>	5.20%	1.42	8.19%	1.22
<b>Public Schools (PS)</b>	5.89%	1.61	8.86%	1.32
<b>Municipal Waterworks (MW)</b>	10.89%	2.98	13.60%	2.02
<b>Outdoor Lighting (OL)</b>	14.78%	4.04	17.30%	2.57
<b>Street Lighting (SL)</b>	15.37%	4.20	17.86%	2.65
<b>Total Jurisdiction</b>	<b>3.66%</b>	<b>1.00</b>	<b>6.73%</b>	<b>1.00</b>
Source: KPCO_SR_KPSC_1_73_Attachment97				

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

**IN THE MATTER OF:**

<b>ELECTRONIC APPLICATION OF</b>	)	
<b>KENTUCKY POWER COMPANY FOR (1) A</b>	)	
<b>GENERAL ADJUSTMENT OF ITS RATES</b>	)	
<b>FOR ELECTRIC SERVICE; (2) AN ORDER</b>	)	
<b>APPROVING ITS 2017 ENVIRONMENTAL</b>	)	
<b>COMPLIANCE PLAN; (3) AN ORDER</b>	)	<b>CASE NO. 2017-00179</b>
<b>APPROVING ITS TARIFFS AND RIDERS;</b>	)	
<b>(4) AN ORDER APPROVING ACCOUNTING</b>	)	
<b>PRACTICES TO ESTABLISH REGULATORY</b>	)	
<b>ASSETS AND LIABILITIES; AND (5) AN</b>	)	
<b>ORDER GRANTING ALL OTHER REQUIRED</b>	)	
<b>APPROVALS AND RELIEF</b>	)	

**EXHIBIT GWT-5 OF**  
**GREGORY W. TILLMAN**  
**ON BEHALF OF**  
**WAL-MART STORES EAST, LP AND SAM'S EAST, INC.**

Kentucky Power Company  
KPSC Case No. 2017-00179 General Rate Adjustment  
KCUC's Second Set of Data Requests  
Dated September 8, 2017

**DATA REQUEST**

KCUC\_2\_009            Please admit that Kentucky Power's rate design that was proposed in the application could be different if Kentucky Power incorporated the June 2017 Financing Activity into its analysis.

**RESPONSE**

Denied. The Company's proposed rate design would not change. The proposed rates would be lower due to the decrease in revenue requirement resulting from the June 2017 Financing Activity.

Witness:            Alex E. Vaughan