

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

In the Matter of:

Electronic Application Of Kentucky Power)
Company For (1) Approval Of Its Revised Terms)
And Conditions Of Service Implementing New Bill) Case No. 2017-00231
Formats; And (2) An Order Granting All Other)
Required Approvals And Relief)

SUPPLEMENTAL TESTIMONY OF

STEPHEN L. SHARP JR.

ON BEHALF OF KENTUCKY POWER COMPANY

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CASE NO. 2017-00231

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I. INTRODUCTION

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

2 A. My name is Stephen L. Sharp, Jr., and I am a Regulatory Consultant for Kentucky
3 Power Company (“Kentucky Power” or “Company”). My business address is 101
4 A Enterprise Drive, Frankfort, Kentucky 40601.

5 **Q. DID YOU PREVIOUSLY FILE TESTIMONY IN THIS PROCEEDING?**

6 A. Yes. I filed direct testimony in support of the Company’s application.

7 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?**

8 A. I am filing supplemental testimony in support of the Company’s Motion for
9 Partial Rehearing. Specifically, I provide evidence of the estimated \$53,000 in
10 incremental costs Kentucky Power will incur if the Company is unable to
11 implement the requested layout and composition changes to its billing
12 correspondence concurrently with other AEP operating companies.

13 **Q. ARE YOU SPONSORING ANY EXHIBITS TO YOUR SUPPLEMENTAL**
14 **TESTIMONY?**

15 A. Yes. I am sponsoring EXHIBIT SLS-1S which provides detail regarding the
16 estimated additional charges.

II. INCREMENTAL COSTS

1 **Q. PLEASE DESCRIBE THE TWO TYPES OF CHANGES THE COMPANY**
2 **SOUGHT FOR ITS BILLING CORRESPONDENCE IN THIS CASE.**

3 A. First, the Company is seeking Commission approval to change the layout and
4 composition of the billing correspondence. This change will affect the look of
5 customer bills, but not the nature or specificity of the information presented.
6 Second, the Company sought Commission approval to combine certain billing
7 line items. The combination of billing line items will affect the level of detail
8 presented to customers in their bills. Under the Company's proposal, customers
9 would still be able to obtain the current level of detail via the Company's website
10 or through the Company's customer service representatives.

11 **Q. IS KENTUCKY'S PROPOSED CHANGE TO ITS BILL**
12 **CORRESPONDENCE PART OF AN AEP SYSTEM-WIDE CHANGE?**

13 A. Yes. The Company's proposal to change the layout and composition of its billing
14 correspondence is part of an AEP system-wide change to bill formats. Because
15 bills are centrally printed, AEP planned the conversion to take place concurrently
16 for all operating companies. The conversion process is anticipated to take 8-10
17 weeks to complete. AEP anticipates debuting the new bill formats in December
18 2017. To ensure there is sufficient time for Kentucky Power to be a part of the
19 system-wide conversion process, an order approving the bill format change is
20 required by September 15, 2017.

1 **Q. WILL THE COMPANY INCUR ADDITIONAL COSTS IF IT IS UNABLE**
2 **TO BE A PART OF THE SYSTEM-WIDE BILL FORMAT**
3 **CONVERSION?**

4 A. If the Company does not receive Commission approval to change the layout and
5 composition of its billing correspondence in sufficient time for Kentucky Power
6 to be a part of the system-wide conversion process, the Company will incur
7 incremental IT costs that otherwise would not be incurred if the change in the
8 layout and composition of Kentucky Power billing correspondence occurred
9 contemporaneously with the AEP-system wide changes.

10 **Q. WHAT AMOUNT OF ADDITIONAL COSTS WILL THE COMPANY**
11 **INCUR IF IT IS UNABLE TO BE A PART OF THE SYSTEM-WIDE BILL**
12 **FORMAT CONVERSION?**

13 A. The additional costs incurred if the Company is unable to be a part of the system-
14 wide conversion are estimated to total approximately \$53,000.

15 **Q. PLEASE DESCRIBE THE NATURE OF THESE ADDITIONAL COSTS.**

16 A. These additional costs will result from work performed by the AEP Information
17 Technology (“IT”) Department to establish a legacy billing format operation for
18 Kentucky Power following the conversion of the remaining AEP operating
19 companies to the new billing format composition and layout. To accomplish this,
20 IT personnel will have to modify the new billing software and printer
21 configurations to allow Kentucky Power to retain the old format. If Kentucky
22 Power is subsequently authorized to switch to the new billing format, IT
23 personnel will again have to modify the billing software and printer

1 configurations to back out the legacy format and allow the Company to utilize the
2 same format as the rest of the AEP operating companies. Additional detail
3 regarding the estimated additional costs to be incurred if the Company is unable
4 to be a part of the system-wide bill format conversion is provide in EXHIBIT SLS-
5 1S.

6 Finally, Kentucky Power anticipates that if it cannot convert its billing
7 format concurrently with the other AEP operating companies, it may incur
8 additional printer and paper stock costs. The amount of these additional printer
9 and paper stock costs, if the Company is required to incur them, is not known at
10 this time.

11 **Q. KENTUCKY POWER IS ALSO PROPOSING IN ITS MOTION FOR**
12 **PARTIAL REHEARING THAT THE ISSUE OF THE COMBINATION OF**
13 **EXISTING BILLING LINE ITEMS BE DECIDED IN CONJUNCTION**
14 **WITH THE FINAL ORDER IN ITS PENDING RATE CASE (CASE NO.**
15 **2017-00179). WILL DELAYING THE DECISION ON THIS SEPARATE**
16 **ISSUE BEYOND SEPTEMBER 15, 2017 SIMILARLY RESULT IN**
17 **ADDITIONAL COSTS THAT OTHERWISE WOULD NOT BE**
18 **INCURRED?**

19 A. No. Unlike with the change to the layout and composition of the billing
20 correspondence, it is anticipated that IT costs associated with the combination of
21 the billing line items will not be affected by the timing of the order approving the
22 combination. In other words, delaying the decision on the layout and composition
23 of the billing correspondence will result in additional costs, but the decision

1 regarding the combination of certain billing line items can be delayed without
2 causing additional costs to be incurred.

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

4 **A. Yes.**