

**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)

Reply In Support Of Kentucky Power Company's Motion For Partial Rehearing

The Attorney General's posits three arguments in opposition to Kentucky Power Company's motion for partial rehearing. Each is noteworthy for what it omits. None supports burying, at a cost of at least \$53,000, what is a ministerial matter – modifying the composition and layout of the Company's billing correspondence without changing the detail or specificity of the information presented therein – in the complex and lengthy proceeding required to adjust the Kentucky Power's rates and to modify its environmental compliance plan. Nothing the Attorney General states in opposition changes the conclusion that the Commission should grant Kentucky Power's motion for partial hearing.

The Attorney General first argues that Kentucky Power's corporate parent, and not its customers, should bear the \$53,000 in additional costs that will result if the billing format change is not implemented at the same time as similar changes are made by the other American Electric Power Company, Inc. operating companies. Having offered the proposition, the Attorney General omits any support for it. He does not argue that the

additional expenses are unreasonable, excessive, or inappropriate. Nor does he point to any Commission authority disallowing such expenses.¹

As part of this same argument, the Attorney General also contends, *arguendo*, that “the potential \$53,000 cost to ratepayers to delay bill formatting changes so that their true impact and cost can be assessed in the rate case, would be a small price to pay considering the \$69 million at state in the rate case.” Significantly, the Attorney General felt otherwise about the added expense when he filed his motion to consolidate. In fact, he even went so far in that motion as to suggest actions the Commission could take to mitigate these additional costs.² In any event, his argument is a *non sequitur*. The additional costs that will be incurred if the bill formatting changes are delayed are not part of the requested recovery in the rate case.

Second, the Attorney General argues that the composition and layout of the proposed changes to the billing format are “inextricably linked” to the issues presented in the rate case. But he never explains how that is the case. Certainly, the focus of the Attorney General’s motion to consolidate this case with the Company’s rate case³ was the Company’s proposal to combine certain billing line items, as well as his desire to ensure adequate communication with customers concerning the changes and the Company’s

¹ Cf. *South Cent. Bell Tel. Co. v. Pub. Serv. Com’n*, 702 S.W.2d 447, 452 (Ky. App. 1985) (noting Commission authority disallowing or limiting recovery of the charitable contributions and advertising expenses at issue).

² See e.g. Attorney General’s Motion To Consolidate Cases, *In The Matter Of: Electronic Application of Kentucky Power Company For: (1) Approval Of Its Revised Terms And Conditions Of Service Implementing New Bill Formats; And (2) An Order Granting All Other Required Approvals And Relief*, Case No. 2017-00231 at ¶ 8 (Ky. P.S.C. Filed June 13, 2017) (suggesting the Commission could enter an interlocutory order in the rate case to mitigate the cost of awaiting a final order in the rate case).

³ Kentucky Power recognizes that the Commission’s July 7, 2017 Order consolidating the two cases was entered *sua sponte* by the Commission. Nevertheless, the Attorney General’s earlier filed motion to consolidate is relevant to the Company’s motion for rehearing to the extent he relies on that motion in his response, and to the extent his current position is at odds with his earlier arguments.

rates more generally.⁴ Missing from his response to Kentucky Power's motion for partial rehearing, as well as his initial motion to consolidate, is any indication of how providing customers additional information in graphical form, for example, while continuing to itemize the billing line items until the Commission addresses in the rate case the Company's proposal to consolidate certain billing line items, will lead to less transparency or increase customer confusion.

Third, the Attorney General urges the Commission to reject Kentucky Power's alternative request for rehearing. That request sought to have the Commission amend its *sua sponte* order consolidating the two cases to provide for an interlocutory resolution in the rate case of the Company's request to modify the layout and composition of Kentucky Power's billing correspondence (but not the specificity of the billing line items).

The Attorney General's opposition to the Company's alternative request for relief is at war with his own motion to consolidate. In that motion, the Attorney General suggested that the costs attendant to delay could be avoided if the Commission were to do exactly what the Company is now requesting: "[a]ny perceived cost to KPCo by delaying approval of its new bill formatting is mitigated by the Commission's ability to issue an interlocutory order by the requested deadline."⁵ Missing from his response is any acknowledgement that he previously advocated exactly what the Company is requesting, much less an explanation of why he now believes his previous position was unsound.

In response to the Commission's Consolidation Order and to avoid unnecessary costs, the Company has requested that the Commission review and make a determination of whether it should be allowed to change the layout and composition of its billing

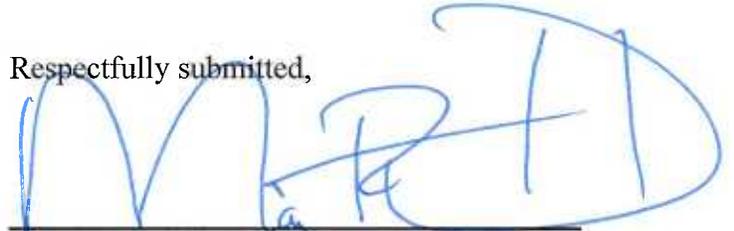
⁴ *Id.* at ¶¶ 1, 5.

⁵ *Id.* at ¶ 8.

correspondence (and not whether it should be allowed to combine billing line items) in time for the Company to make these changes contemporaneously with the other AEP operating companies. In his response, the Attorney General provides no reason in fact or in law why this limited review cannot occur apart from the rest of the Company's Rate Case.

Wherefore, Kentucky Power Company respectfully requests the Public Service Commission of Kentucky enter an Order granting the Company's July 28, 2017 motion for rehearing.

Respectfully submitted,



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