

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter Of:

An Examination Of The Application Of The Fuel)
Adjustment Clause Of Kentucky Power Company) Case No. 2019-00002
From November 1, 2016 Through October 31, 2018)

Motion For Partial Rehearing

Kentucky Power Company (“Kentucky Power” or the “Company”) moves the Public Service Commission of Kentucky pursuant to KRS 278.400 for a partial rehearing of the Commission’s December 26, 2019 Order. The Company seeks rehearing for the limited purpose of amending the Commission’s December 26, 2019 Order to align: (a) the effective date of the Commission-ordered “per kWh energy rates and charges” shown on the Appendix to the Commission’s Order; and (b) the effective date of the \$0.00126 per kWh increase in base fuel costs to be used in calculating the monthly fuel adjustment clause factor. Kentucky Power states in support of its motion:

1. The Commission’s December 26, 2019 Order granted the Company’s request to increase its base fuel cost from \$0.02725 per kWh to \$0.02851 per kWh. The effect of the Commission’s Order is to increase by \$0.00126 per kWh the amount of fuel costs recovered by the Company through its “per kWh energy rates and charges” and to decrease the amount of the fuel costs recovered by the Company through the fuel adjustment clause by a like per kWh amount.

2. Ordering paragraph 4 of the Commission’s Order directed that the modified “per kWh energy rates and charges” reflected in the appendix are to be “effective with service

rendered on and after February 1, 2020.”¹ The Commission also indicated that the rates reflected in the appendix “are designed to reflect the differential between the old base fuel cost of \$.02725 per kWh and the new base fuel cost of \$.02851 per kWh.”²

3. Ordering paragraph 5 of the Commission’s Order directed that “[b]eginning with the expense month for February 2020, Kentucky Power shall use a FAC rate based upon a base fuel cost of \$.02851 per kWh.”³

4. The effect of ordering paragraph 5 of the Commission’s Order is to reduce the amount of fuel costs recovered through the Company’s fuel adjustment clause by \$0.00126 per kWh beginning cycle 1 of the February 2020 billing cycle (January 30, 2020). The modified “per kWh energy rates and charges” shown on the appendix to the Order, and which “are designed to reflect the differential between the old base fuel cost of \$.02725 per kWh and the new base fuel cost of \$.02851 per kWh,”⁴ do not become effective until two days later on February 1, 2020. The effect of the two-day delay in the effective date of the new “per kWh energy rates and charges” prevents Kentucky Power from collecting a portion (equal to \$0.00126 per kWh billed) of its fuel costs for service rendered on January 30, 2020 and January 31, 2020.

5. Based on the Company’s kWh sales for November 2019 (the last month for which the Company has complete data), Kentucky Power estimates that the two-day misalignment between the effective date for reflecting the increased base fuel rate for fuel adjustment clause calculation purposes (January 30, 2020) and the effective date for the modified “per kWh energy

¹ Order, *In the Matter Of: Electronic Examination Of The Application Of The Fuel Adjustment Clause Of Kentucky Power Company From November 1, 2016 Through October 31, 2018*, Case No. 2019-00002 at 4 (Ky. P.S.C. December 26, 2019) (“FAC Order”).

² *Id.*

³ *Id.*

⁴ *Id.*

rates and charges” (February 1, 2020) will deny Kentucky Power the opportunity to recover approximately \$34,600⁵ in fuel costs it otherwise is entitled to recover. Nothing in the Commission’s December 26, 2019 Order suggests that the Commission intended such a result. Nor would such a result be consistent with the purpose of fuel adjustment clauses as implemented in conformity with 807 KAR 5:056.⁶

6. Kentucky Power respectfully suggests the two-day misalignment in the effective dates for the rate changes established in ordering paragraphs 4 and 5 of the Commission’s Order can be corrected by amending the first sentence of ordering paragraph 4 to provide: “The rates in the Appendix to this Order are approved effective with service rendered on or after cycle 1 of the Company’s February 2020 billing cycle (January 30, 2020).”

7. Kentucky Power further requests that the Commission issue its order granting the requested relief on or before January 28, 2020. Doing so will provide the Company adequate time to implement the necessary modifications to its billing system prior to billing cycle 1 of the February 2020 billing month. Alternatively, if the Commission is unable to act by January 28, 2020, the Company requests that the Commission’s order on rehearing expressly authorize Kentucky Power to recover in a single billing month adjustment, within the Company’s fuel adjustment clause filing beginning with cycle 1 of the first billing month following the date of

⁵ November 2019 kwh sales (411,413,451 kWh) ÷ 30 days = 13,713,782 kWh/day.

13,713,782 kWh/day x \$0.00126 per kWh = \$17,279.36 per day.

\$17,279.36 per day x 2 days (January 30, 2020 and January 31, 2020) = \$34,558.73.

⁶ See e.g. Order, *In the Matter of: An Examination Of The Fuel Adjustment Clause Of East Kentucky Power Cooperative, Inc.*, Case No. 2016-00226 at 8 (Ky. P.S.C. January 30, 2015) (“The purpose of the FAC regulation was to establish a uniform mechanism whereby jurisdictional electric utilities could recover (or refund), on a monthly basis, fuel costs incurred that were in excess of (or less than) the amount of fuel costs included in their base rates.”)

the Commission's order on rehearing, the revenues lost as a result of the misalignment of effective dates.⁷

Wherefore, Kentucky Power Company respectfully requests that the Commission issue an order:

1. Granting rehearing and amending the first sentence of ordering paragraph 4 of the Commission's December 26, 2019 Order to provide: "The rates in the Appendix to this Order are approved effective with service rendered on or after the Company first billing cycle of February 2020 (January 30, 2020);"
2. Granting Kentucky Power all other relief to which it may appear entitled.

Respectfully submitted,



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⁷ See Direct Testimony of Ranie K. Wohnhas, *In the Matter Of: Electronic Examination Of The Application Of The Fuel Adjustment Clause Of Kentucky Power Company From November 1, 2016 Through October 31, 2018*, Case No. 2019-00002 at 8 (Ky. P.S.C. Filed February 25, 2019).