

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

In the Matter of:

ELECTRONIC CONSIDERATION OF THE)	
IMPLEMENTATION OF THE NET METERING)	CASE NO. 2019-00256
ACT)	

SUPPLEMENTAL COMMENTS OF KENTUCKY POWER COMPANY

Kentucky Power Company offers these supplemental comments concerning the one-page demonstrative tendered by Company representative Alex Vaughan at the November 13, 2019 public comment hearing in these proceedings. The Commission placed the one-page demonstrative of record on November 14, 2019.¹ These supplemental comments provide a narrative explanation of the information presented in the demonstrative.

The pie chart at the top of the demonstrative illustrates the relative percentages of Kentucky Power's *total* cost of service to *all* customers represented by the Company's generation, transmission, and distribution functions. The detailed cost of service information supporting the pie chart data was developed from the Company's sworn filings in its 2017 base rate case. The pie chart demonstrates that the distribution and transmission functions together comprise 35 percent of Kentucky Power's *total* cost of service to *all* customers.

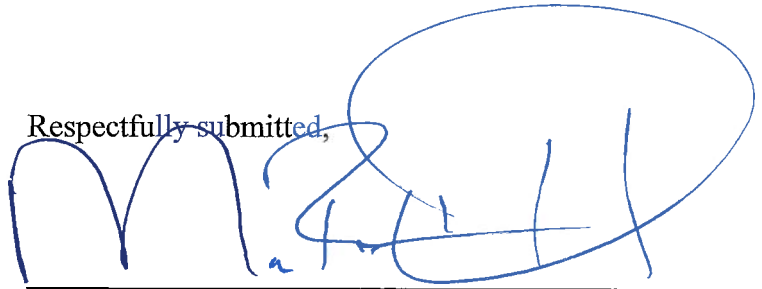
Not all customers make use of the Company's distribution facilities, however. Some of the Company's largest customers take service at transmission voltages and thus are not required under accepted ratemaking principles to pay for the cost of the distribution facilities they do not use. Such costs instead are allocated to the customers who use the distribution facilities. As a result, the costs associated with the transmission and distribution functions for customers who

¹ https://psc.ky.gov/pscscf/2019%20cases/2019-00256/20191114_Kentucky%20Power%20Company%20Public%20Comment.pdf

use the distribution facilities, such as residential customers, comprise a greater percentage of the overall cost of service to such customers than they do for all customers as a whole.

The result is that, as the demonstrative Mr. Vaughan presented indicates, although transmission and distribution functions constitute only 35 percent of the Company's *total* cost of service to *all* customers, they comprise 45 percent of the cost of service to those customers, such as residential customers, who use distributions facilities to receive their electric service.

Respectfully submitted,



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