

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Electronic Emergency Docket Related)	Case No.
To The Novel Coronavirus COVID-19)	2020-00085

AFFIDAVIT OF BRIAN K. WEST

Brian K. West, first being duly sworn, states:

1. I am of the age of majority and competent to make this affidavit. I have personal knowledge of the matters set forth in this affidavit. I make this affidavit in support of Kentucky Power Company's ("Kentucky Power" or the "Company") Motion for Rehearing regarding the Commission's December 30, 2020 Order prohibiting Kentucky Power from establishing the Company's proposed COVID-19 Foregone Late Fee regulatory asset.
2. I am Vice President, Regulatory and Finance for Kentucky Power. My business address is 1645 Winchester Avenue, Ashland, Kentucky 41101.
3. Through December 31, 2020, in compliance with the Commission's March 16, 2020 Order in this case, Kentucky Power has foregone a total of \$3,522,915.98 in late payment fee revenue. This total represents \$2,172,451.23 in late payment fees otherwise due from the Company's residential customers and \$1,350,464.75 in late payment fees otherwise due from the Company's commercial and industrial customers.

4. In calculating the foregone late payment fee revenue set forth in paragraph 3 above, Kentucky Power did not include late payment fees for those customer accounts deemed current pursuant to the Commission's September 21, 2020 Order in this case. Stated differently, Kentucky Power did not include in its calculation of foregone late payment fees any late payment fees for customers that are current on payment plans resulting from the September 21, 2020 Order.

5. Kentucky Power's operating ROE for the twelve months ended November 30, 2020 was 4.50 percent. Kentucky Power Company's authorized ROE for the same period was 9.70 percent. The Commission's January 18, 2018 Order in Case No. 2017-00179 establishing the authorized ROE of 9.70 percent found that an ROE in the range of 8.6 percent to 10.31 percent was required by Kentucky Power. The 4.50 percent ROE earned by Kentucky Power for the 12 months ended November 30, 2020 is little more than 50 percent of the lowest point of the range the Commission found was required.

6. The \$3,522,915.98 in unassessed late payment fees are material to Kentucky Power's operations, as they represent 0.6% of Total Operating Revenues and 7.3% of Adjusted Net Operating Income authorized in the Commission's January 18, 2018 Order in the Company's last base rate case.¹ The Order forecloses the Company's ability to obtain future recovery of material forgone late fees, permanently reducing the Company's accumulated net income reflected in its retained earnings.

¹ Order, *In the Matter of: 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*, Case No. 2018-00179, at 27 (Ky. P.S.C. January 18, 2018).

7. Continuing, as Kentucky Power has over many months, to earn an ROE that is far below the authorized ROE established in Case No. 2017-00179 is insufficient to enable Kentucky Power to operate successfully, maintain its financial integrity, attract capital, or compensate its investors for the risks assumed by investing in the Company.

FURTHER THE AFFIANT SAYETH NAUGHT.



Brian K. West

State of Indiana)
) ss Case No. 2020-00085
County of Allen)

Subscribed and sworn to before me, a Notary Public, in and for said County and State. Brian K. West this 18th day of January, 2021.

Regiana M. Sistevaris Digitally signed by Regiana M. Sistevaris
Date: 2021.01.18 10:29:11 -05'00'

Regiana M. Sistevaris, Notary Public

My Commission Expires: January 7, 2023