

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

In the Matter of:

Electronic Application Of Kentucky Power Company)	
For (1) A General Adjustment Of Its Rates For Electric)	
Service; (2) Approval Of Tariffs And Riders; (3))	
Approval Of Accounting Practices To Establish)	Case No. 2020-00174
Regulatory Assets And Liabilities; (4) Approval Of A)	
Certificate Of Public Convenience And Necessity;)	
And (5) All Other Required Approvals And Relief)	

Kentucky Power Company’s Motion To Amend January 13, 2021 Order

Kentucky Power Company (“Kentucky Power or the “Company”) moves the Public Service Commission of Kentucky (“Commission”) to issue an order **on or before March 20, 2023**, amending only the portion of the Commission’s January 13, 2021 Order¹ (“Order”) directing Kentucky Power to file a general base rate adjustment application for rates effective January 1, 2024, because the bases for the Commission’s directive have been satisfied and for other reasons. For the reasons set forth below, good cause exists for the Commission to delete this limited portion of the Order. In the alternative, the Company respectfully requests that the Commission amend this portion of the Order to state that, in the event the sale of Kentucky Power to Liberty Utilities Co. (“Liberty”) closes, then Kentucky Power should file a general base rate adjustment application within 180 days after Liberty files with the Commission written notice of its acquisition of Kentucky Power.

The Commission held on page 32 of the Order that

due to the anticipated savings from the termination of the Rockport UPA and therefore termination of associated costs that are currently in base rates and the

¹ Order, *In The Matter Of: Electronic Application Of Kentucky Power Company For (1) A General Adjustment Of Its Rates For Electric Service; (2) Approval Of Tariffs And Riders; (3) Approval Of Accounting Practices To Establish Regulatory Assets And Liabilities; (4) Approval Of A Certificate Of Public Convenience And Necessity; And (5) All Other Required Approvals And Relief*, Case No. 2020-00174 (Ky. P.S.C. January 13, 2021).

termination of the Capacity Charge, the Commission finds that Kentucky Power should file a general base rate adjustment application for rates effective January 1, 2024.²

Since the Order was issued, the Commission's concern that a rate case would be needed to ensure that customers fully enjoy the benefits and cost savings arising from the Rockport UPA expiration have been fully addressed through other cases. Those benefits are already flowing to customers as intended. In Case No. 2022-00283, the Commission approved Kentucky Power's proposal to amortize the Rockport Deferral Regulatory Asset over five years beginning December 9, 2022.³ The Commission also approved the Company's proposal with respect to the Rockport Fixed Cost Savings Credit and Estimated Rockport Offset.⁴ The Commission further approved the Company's proposed implementation of these rates and charges through Tariff Purchase Power Adjustment ("P.P.A.") in Case No. 2022-00416,⁵ and approved Tariff P.P.A. Sheet Nos. 35-1 and 35-2 for rates effective December 9, 2022. The only aspect of the Rockport Deferral Mechanism left outstanding is the Rockport Offset True-Up, which the Commission ordered would be determined as part of a separate filing to be made in 2024.⁶ Finally, the Capacity Charge was terminated and Tariff Capacity Charge ("C.C.") was cancelled effective December 9, 2022.⁷ Thus, the substantive concern expressed by the Commission in directing a rate case be filed in time to make rates effective as of January 1, 2024 has been satisfied, and the

² *Id.* at 32.

³ Order at 15, *In The Matter Of: Electronic Investigation Of Kentucky Power Company Rockport Deferral Mechanism*, Case No. 2022-00283 (Ky. P.S.C. December 8, 2022).

⁴ *Id.*

⁵ Order, *In The Matter Of: Electronic Tariff Filing Of Kentucky Power Company To Revise Tariff Purchase Power Adjustment*, Case No. 2022-00416 (Ky. P.S.C. December 8, 2022).

⁶ Order at 14-15, *In The Matter Of: Electronic Investigation Of Kentucky Power Company Rockport Deferral Mechanism*, Case No. 2022-00283 (Ky. P.S.C. December 8, 2022).

⁷ See TFS2022-00542.

benefits of the UPA expiration are now flowing to customers even sooner than would otherwise have been the case.

Moreover, the sale of Kentucky Power to Liberty has been delayed due to an outstanding federal regulatory approval, which Kentucky Power and Liberty are actively seeking to obtain.⁸ Deferring a base rate adjustment application until Kentucky Power's future ownership is determined after the conclusion of that proceeding will avoid customer confusion, promote administrative efficiency, and ensure that the Company's next general rate case filing comports with cost causation principles.

Finally, amendment of the Commission's directive to file a general base rate adjustment application for rates effective January 1, 2024 will not affect the commitments Liberty made in Case No. 2021-00481 that are contingent on the sale closing.⁹ For example, the Company already filed Tariff Eastern Kentucky Fuel Relief Fund ("K.F.R.F.") (Sheet No. 41-1), which implements Liberty's commitment to provide a rate offset benefit to customers with a value of \$40 million available to assist customers with high fuel charges, which credit customers will begin to receive after Liberty files with the Commission written notice of its acquisition of Kentucky Power. The Company anticipates making a written filing requesting to update the 18-month period over which the \$40 million will be credited to customers shortly after the sale closes.

⁸ Liberty and American Electric Power Company, Inc.'s Section 203 application was re-filed at the Federal Energy Regulatory Commission ("FERC") on February 14, 2023. The parties additionally requested expedited treatment of the application and for FERC to issue a final order such that the parties may close the sale by April 26, 2023.

⁹ See Order at Appendix A, *In The Matter Of: Electronic Joint Application Of American Electric Power Company, Inc., Kentucky Power Company And Liberty Utilities Co. For Approval Of The Transfer Of Ownership And Control Of Kentucky Power Company*, Case No. 2021-00481 (Ky. P.S.C. May 4, 2022).

Thus, because the sale of Kentucky Power to Liberty has been delayed, all of the rate effects after the expiration of the Rockport UPA have been accounted for via the approved revisions to Tariff P.P.A., and because Company and administrative efficiencies would result, the Commission should amend only the portion of its January 13, 2021 Order directing Kentucky Power to file a general base rate adjustment application for rates effective January 1, 2024.

WHEREFORE, Kentucky Power respectfully requests the Commission to enter an Order by March 20, 2023:

1. Granting Kentucky Power's request to amend page 32 of the Order to delete the requirement that Kentucky Power should file a general base rate adjustment application for rates effective January 1, 2024; or in the alternative,
2. Granting Kentucky Power's request to amend page 32 of the Order to delete the requirement that Kentucky Power should file a general base rate adjustment application for rates effective January 1, 2024, except in the event the sale of Kentucky Power to Liberty closes, in which case Kentucky Power should file a general base rate adjustment application within 180 days after Liberty files with the Commission written notice of its acquisition of Kentucky Power; and
3. Granting Kentucky Power all further relief to which it may be entitled.

Respectfully submitted,



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