

**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 )  
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

**SUPPLEMENTAL TESTIMONY OF**  
**JASON M. STEGALL**  
**ON BEHALF OF KENTUCKY POWER COMPANY**

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**EXHIBITS**

<b><u>EXHIBIT</u></b>	<b><u>DESCRIPTION</u></b>
EXHIBIT JMS-S1	Net Metering Class Cost-of-Service Study
EXHIBIT JMS-S2	Revenue Allocation

**SUPPLEMENTAL TESTIMONY OF  
JASON M. STEGALL ON BEHALF OF  
KENTUCKY POWER COMPANY  
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**I. INTRODUCTION**

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION.**

2 A. My name is Jason M. Stegall. My business address is 1 Riverside Plaza, Columbus,  
3 Ohio. I currently hold the position of Manager of Regulatory Pricing and Analysis in  
4 the Regulatory Services department of American Electric Power Service Corporation  
5 (“AEPSC”), a subsidiary of American Electric Power Company, Inc. (“AEP”). AEP  
6 is the parent company of Kentucky Power Company (“Kentucky Power” or the  
7 “Company”). AEPSC supplies accounting, administrative, information systems,  
8 engineering, financial, legal, maintenance, and other services to AEP’s regulated  
9 electric operating companies, including the Company.

10 **Q. ARE YOU THE SAME JASON STEGALL WHO OFFERED DIRECT**  
11 **TESTIMONY, SPONSORED RESPONSES TO DATA REQUESTS, AND**  
12 **TESTIFIED AT THE NOVEMBER 2020 HEARING IN THIS PROCEEDING?**

13 A. Yes.

**II. PURPOSE OF TESTIMONY**

14 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?**

15 A. The purpose of my supplemental testimony is to respond to the Commission’s January  
16 13, 2021 Order in this case regarding the proposed tariff NMS II by providing a full

1 class cost-of-service (“CCOS”) study that includes separate classes for net metering  
 2 customers.

3 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

4 A. I am sponsoring the following exhibits:

5 Exhibit JMS-S1 Net Metering Class Cost-of-Service Study

6 Exhibit JMS-S2 Revenue Allocation

**III. SUMMARY OF SUPPLEMENTAL TESTIMONY**

7 **Q. PLEASE SUMMARIZE YOUR SUPPLEMENTAL TESTIMONY AND**  
 8 **RECOMMENDATIONS.**

9 A. The following is a summary of my supplemental testimony:

- 10 • The net metering CCOS study, presented as Exhibit JMS-S1, includes separate classes  
 11 for net metering customers and demonstrates that those customers are more costly to  
 12 serve than other customers in the standard tariff/rate classes to which they belong;
- 13 • The net metering CCOS study reflects revised load shapes that take into account both  
 14 the demand net metering customers impose on the system and the contributions of their  
 15 generation;
- 16 • The full CCOS analysis can be relied upon to support the Company’s NMS II proposal  
 17 sponsored by Company Witness Vaughan.

**IV. CLASS COST-OF-SERVICE STUDY**

18 **Q. DID THE DEVELOPMENT OF THE NET METERING CCOS EMPLOY THE**  
 19 **SAME PROCESS OF FUNCTIONALIZATION, CLASSIFICATION, AND**  
 20 **ALLOCATION USED IN THE CCOS IN THE COMPANY’S ORIGINAL**  
 21 **FILING?**

1 A. Yes. All costs were subject to the same process employed in the COSS that my Direct  
2 Testimony sponsored. The only difference results from a change in the calculation of  
3 the allocation bases to reflect the two Net Metering Service (NMS) customer classes,  
4 the Residential NMS class and the Commercial and Industrial NMS class.

5 **Q. PLEASE DESCRIBE THE CHANGES TO THE ALLOCATION BASES MADE**  
6 **IN THE NET METERING CCOS STUDY?**

7 A. The demand-based allocators included in the net metering CCOS study reflect the  
8 average of the 12 coincident peaks incurred by the net metering customers using load  
9 profiles for the two new classes. The coincident peak demands reflect the net metering  
10 classes' demands which have been reduced by the amount of their generation in those  
11 coincident peak hours. The energy allocator reflects the billed energy for these two  
12 new classes, which takes into account any reduction to usage resulting from the  
13 customers' generation throughout the test year. Finally, due to the fact that some net  
14 metering customers did not take service under their current account for the duration of  
15 the test year, all customer-based allocators reflect the average number of customers in  
16 these classes during the test year.

17 All allocation bases used in the study reflect the same totals in the original study  
18 and the changes to the original classes only reflect the removal of the allocation bases  
19 now assigned to the net metering customer classes. This ensures that only those classes  
20 from the original study that included the NMS customers were affected, while all other  
21 customer classes were held constant.

22 **Q. PLEASE SUMMARIZE THE RESULTS OF THIS CLASS COST-OF-**  
23 **SERVICE STUDY?**

- 1 A. The resulting going-level rates of return (“ROR”), relative rates of return, and class  
2 subsidies are presented in the table below.

**Class Going-Level Rates of Return, Relative Rates of Return,  
and Current Subsidy**

CLASS	Going-Level ROR	Relative ROR	Subsidy (Paid)/ Received (\$ in Millions)
Residential	-0.11 %	-0.04	\$31.8
Residential NMS	-6.97 %	-2.44	\$0.02
Commercial & Industrial NMS	-2.12 %	-0.74	\$0.02
General Service	7.26 %	2.54	(\$11.2)
Large General Service	6.39 %	2.23	(\$7.2)
IGS	5.62 %	1.97	(\$9.4)
Municipal Waterworks	9.51 %	3.33	(\$0.03)
Outdoor Lighting	15.21 %	5.32	(\$3.4)
Street Lighting	17.35 %	6.07	(\$0.6)
Total Kentucky Power Jurisdiction	2.86 %	1.00	\$0.0

**V. CONCLUSION**

3 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

4 A. The net metering CCOS study, Exhibit JMS-S1, has been developed in accordance with  
5 the same sound cost-of-service principles as Exhibit JMS-1 filed in the Company’s  
6 initial case. This CCOS study demonstrates that the cost to serve the Company’s net  
7 metering customers is higher than the cost to serve other customers in the standard  
8 tariff/rate classes to which the net metering customers belong.

9 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

1 A. Yes, it does.



### Stegall Testimony\_2-23.docx

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#### E-Signature Summary

**E-Signature 1: Jason Stegall (JMS)**

February 23, 2021 11:34:21 -8:00 [1046F071A615] [167.239.221.83]  
jmstegall@aep.com (Principal) (Personally Known)

**E-Signature Notary: S. Smithhisler (SRS)**

February 23, 2021 11:34:21 -8:00 [2B0E3C4912F8] [167.239.221.83]  
srsmithhisler@aep.com  
I, S. Smithhisler, did witness the participants named above electronically sign this document.





VERIFICATION

The undersigned, Jason M. Stegall, being duly sworn, deposes and says he is a Manager-Regulatory Pricing & Analysis for American Electric Power Service Corporation that he has personal knowledge of the matters set forth in the forgoing testimony and the information contained therein is true and correct to the best of his information, knowledge and belief after reasonable inquiry.

  
Signed on 2021/02/23 11:34:21 -8:00

Jason M. Stegall

STATE OF OHIO

)


) Case No. 2020-00174

COUNTY OF FRANKLIN

)

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Jason M. Stegall, this 23<sup>rd</sup> day of February 2021.



  
Signed on 2021/02/23 11:34:21 -8:00

Notary Public

Notary ID Number: 2019-RE-775042

My Commission Expires: April 29, 2024

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