

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 REBUTTAL TESTIMONY OF
JASON M. STEGALL
ON BEHALF OF KENTUCKY POWER COMPANY

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EXHIBITS

<u>EXHIBIT</u>	<u>DESCRIPTION</u>
EXHIBIT JMS-SR1	Revised Net Metering Class Cost-of-Service Study
EXHIBIT JMS-SR2	Revised Revenue Allocation
EXHIBIT JMS-SR3	NMS II Net Metering Class Cost-of-Service Study
EXHIBIT JMS-SR4	NMS II Revenue Allocation

**SUPPLEMENTAL REBUTTAL TESTIMONY OF
JASON M. STEGALL ON BEHALF OF
KENTUCKY POWER COMPANY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

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 AND**
11 **SUPPLEMENTAL TESTIMONY, SPONSORED RESPONSES TO DATA**
12 **REQUESTS, AND TESTIFIED AT THE NOVEMBER 2020 HEARING IN THIS**
13 **PROCEEDING?**

14 A. Yes.

II. PURPOSE OF TESTIMONY

15 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL REBUTTAL**
16 **TESTIMONY?**

1 A. The purpose of my supplemental rebuttal testimony is to provide a corrected version of
 2 the supplemental Class Cost-of-Service Study (“CCOSS”) and Revenue Allocation
 3 exhibits that I filed with my supplemental testimony as Exhibits JMS-S1 and JMS-S2.
 4 In addition, I provide a refined version of the CCOSS and Revenue Allocation that
 5 reflect revised revenues calculated by Witness Vaughan to reflect revenues for net
 6 metering customers collected under the proposed NMS II tariff.

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

8 A. I am sponsoring the following exhibits:

- | | | |
|----|-----------------|--|
| 9 | Exhibit JMS-SR1 | Revised Net Metering Class Cost-of-Service Study |
| 10 | Exhibit JMS-SR2 | Revised Revenue Allocation |
| 11 | Exhibit JMS-SR3 | NMS II Net Metering Class Cost-of-Service Study |
| 12 | Exhibit JMS-SR4 | NMS II Revenue Allocation |

III. SUMMARY OF SUPPLEMENTAL REBUTTAL TESTIMONY

13 **Q. PLEASE SUMMARIZE YOUR SUPPLEMENTAL REBUTTAL TESTIMONY**
 14 **AND RECOMMENDATIONS.**

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

- 16 • The revised net metering CCOSS presented as Exhibit JMS-SR1 includes a correction
 17 to Total Firm Sales Revenues, which were overstated in Exhibit JMS-S1 filed with my
 18 supplemental testimony;
- 19 • The NMS II net metering CCOSS presented as Exhibit JMS-SR3 reflects Firm Sales
 20 Revenues revised to reflect revenues that would have been collected under the proposed
 21 NMS II tariff.

IV. CLASS COST-OF-SERVICE STUDY

1 **Q. PLEASE SUMMARIZE THE RESULTS OF THE REVISED CLASS COST-**
 2 **OF-SERVICE STUDY PROVIDED AS EXHIBIT JMS-SR1.**

3 A. The resulting going-level rates of return (“ROR”), relative rates of return, and class
 4 subsidies that resulted from the revised CCROSS attached as Exhibit JMS-SR1 are
 5 presented in the table below.

**Revised 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	-7.03 %	-2.46	\$0.02
Commercial & Industrial NMS	-2.40 %	-0.84	\$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

6 **Q. PLEASE DISCUSS THE NMS II NET METERING CLASS COST OF**
 7 **SERVICE STUDY PROVIDED AS EXHIBIT JMS-SR3.**

8 A. As discussed in the supplemental rebuttal testimony of Company Witness Vaughan,
 9 the Company received a discovery request from KYSEIA (KYSEIA 4-5), requesting

1 that Kentucky Power explain how the class rates of returns for the Company's NMS
 2 customers would change under NMS II. At his direction and with values he provided,
 3 I revised Total Firms Sales Revenues for those classes in my study and made the
 4 appropriate offsetting adjustments to the Residential, the General Service Secondary,
 5 and the Large General Service Secondary customer classes. This resulted in the same
 6 level of Total Firm Sales Revenues would as was presented in the CCOSS filed in the
 7 Company's direct case as Exhibit JMS-1.

8 **Q. PLEASE SUMMARIZE THE RESULTS OF THE NMS II NET METERING**
 9 **CLASS COST-OF-SERVICE STUDY ATTACHED AS EXHIBIT JMS-SR3?**

10 A. The resulting going-level rates of return ("ROR"), relative rates of return, and class
 11 subsidies are presented in the table below.

**NMS II 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	-6.65 %	-2.33	\$0.02
Commercial & Industrial NMS	-3.61 %	-1.26	\$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)

CLASS	Going-Level ROR	Relative ROR	Subsidy (Paid)/ Received (\$ in Millions)
Total Kentucky Power Jurisdiction	2.86 %	1.00	\$0.0

1

V. CONCLUSION

2 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

3 A. The NMS II Net Metering CCOSS, Exhibit JMS-SR3, has been developed in
4 accordance with the same sound cost-of-service principles as Exhibit JMS-1 filed in
5 the Company's initial case. This CCOSS demonstrates that the cost to serve the
6 Company's net metering customers is higher than the cost to serve other customers in
7 the standard tariff/rate classes to which the net metering customers belong.

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

10 A. Yes, it does.



Stegall NMS Testimony_March 2021.docx

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E-Signature Summary

E-Signature 1: Jason M. Stegall (JMS)

March 25, 2021 07:32:42 -8:00 [84FBCDA2F445] [167.239.221.82]
 jmstegall@aep.com (Principal) (Personally Known)

E-Signature Notary: S. Smithhisler (SRS)

March 25, 2021 07:32:42 -8:00 [A6F2D722A64A] [161.235.221.80]
 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 2021/03/25 07:32:42 -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 25th day of March 2021.


Signed on 2021/03/25 07:32:42 -8:00

Notary Public



Notary ID Number: 2019-RE-775042

My Commission Expires: April 29, 2024

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