

August 15, 2023

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FILED VIA ELECTRONIC TARIFF FILING SYSTEM

Linda C. Bridwell
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

RE: **Kentucky Power Company's Third Revised Tariff Sheet 35-2 (Tariff P.P.A.)
and Third Revised Tariff Sheet 38-1 (Tariff D.R.)**

Dear Ms. Bridwell:

Tariff P.P.A. (Purchase Power Adjustment)

Kentucky Power Company files redline and annotated versions P.S.C. KY. NO. 12 3rd Revised Tariff Sheet 35-2 to reflect the updated Tariff P.P.A. (Purchase Power Adjustment) rates. The revised tariff sheet is being filed in conformity with the Commission's January 13, 2021 order in Case No. 2020-00174. The new rates implement the provisions of the Commission's January 18, 2018 Order in Case No. 2017-00179 and January 13, 2021 Order in Case No. 2020-00174.

KPCo_PPA_2023_Annual_Update also is being uploaded with the tariff sheet. It includes the calculations supporting the new Tariff P.P.A. rates.

With this filing, Kentucky Power is updating its Tariff P.P.A. rate calculation in two ways. First, the rate calculation is updated to better capture actual costs incurred and to be collected in order to reflect a more accurate over/under collection or credit going forward. Second, Kentucky Power also updates the rate calculation to reflect its proposals in its most recent base rate case, Case No. 2023-00159.

The Company's updates to the over/under calculation are demonstrated in KPCo_PPA_2023_Annual_Update on the "PPA Form 1.0" tab in lines 12, 13, and 14.¹

¹ The Company notes that Lines 1, 2, and 3 are subject to change if the Commission approves the Company's request in Case No. 2023-00159 to discontinue tracking of 100% of PJM LSE OATT costs through Tariff P.P.A. upon implementation of new base rates. The Company notes that Line 8 also is subject to change if the Commission approves the Company's request to securitize the Decommissioning Rider regulatory asset. If the Company's

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Lines 12 and 13 currently do not accurately capture what the P.P.A. over/under recovery should be. This formula issue has the effect of allowing the under-recovery balance to grow each month. The Company proposes to correct this issue as part of this Tariff P.P.A. update filing through the elimination of Line 12 and a revision to Line 13. This update will reflect a more accurate over/under collection or credit going forward.

Next, the Company proposes as part of its application in Case No. 2023-00159 to securitize the Tariff P.P.A. under-recovery regulatory asset balance existing as of June 30, 2023. If the Company's request to securitize the Tariff P.P.A. under-recovery regulatory asset is approved, then that under-recovery will not be collected through Tariff P.P.A. and will instead be securitized and collected through the proposed Securitization Financing Rider ("S.F.R."). Updated Line 13 therefore reflects these proposals by zeroing out the balance of the June 30, 2023 under-recovery that would instead be collected through Tariff S.F.R.

The Company offers to meet with Commission Staff via an informal conference to provide further explanation regarding these updates if it would be helpful.

Tariff D.R. (Decommissioning Rider)

The Company also is filing P.S.C. KY. NO. 12 3rd Revised Tariff Sheet 38-1 to reflect the updated Tariff D.R. (Decommissioning Rider) rates. The updated rates are being filed in accordance with the Commission's October 7, 2013 Order in Case No. 2012-00578, its June 22, 2015 Order in Case No. 2014-00396, and its January 13, 2021 Order in Case No. 2020-00174.

Support for the updated Tariff D.R. rates may be found in the following files that are being uploaded with the revised tariff sheet: BSDR_2023_Annual_Update; BSDR_2023_Support_1_Components_Update; BSDR_2023_Support_2_O_M_COR_ARO; and BSDR_Support_3_Rev_Update.

The revised Tariff P.P.A. rates and Tariff D.R. rates are effective for service rendered on and after September 28, 2023.

The revised tariff sheets and supporting files also are being filed in Case No. 2020-00174 (Post-Case Files).

request to securitize the Decommissioning Rider regulatory asset is approved, then those amounts will not be collected through Tariff P.P.A. and will instead be securitized and collected through the proposed Securitization Financing Rider ("S.F.R.").

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Please do not hesitate to contact me if you have any questions.

Very truly yours,

STITES & HARBISON PLLC



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KMG