COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In The Matter Of: Electronic Application Of Kentucky Power Company To Amend The Settlement Agreement Approved in Case No 2018-00035 To Provide For The One-Time Amortization Of Unprotected Accumulated Deferred Federal Income Tax In An Amount Sufficient To Eliminate Customer Delinquencies Greater Than 30 Days As Of May 28, 2020.	: : : : : :	**Case No 2020-00176**

COMMENTS OF

KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

Kentucky Industrial Utility Customers, Inc. ("KIUC") submits these Comments on Kentucky Power Company's ("Kentucky Power" or "Company") proposals as impacted by the First Amendment to April 25, 2018 Settlement Agreement filed August 6, 2020 in this matter ("Settlement Agreement"). While costly to KIUC member Catlettsburg Refining LLC, a subsidiary of Marathon Petroleum ("Marathon"), KIUC views the Settlement Agreement as a reasonable and productive way to utilize tax money that the Company owes to its customers and recommends its approval.

The flow-through of Kentucky Power's Tax Cuts and Jobs Act ("TCJA") savings to customers was first addressed in KIUC's December 21, 2017 Complaint in Case No. 2017-00477. Even without the KIUC Complaint, we have no doubt that the Commission would have reached the same conclusion and ultimately required the Company to pass through to consumers all rate savings caused by the TCJA. But we believe (and hope) that KIUC's immediate response to the TCJA and supporting testimony calculating the rate impact made the Commission's job easier. KIUC's Complaint ultimately led to a settlement of TCJA flow-through issues filed April 25, 2018 in Case No. 2018-00035 ("2018 Settlement"), which the Commission approved on June 28, 2018. As part of the 2018 Settlement, Kentucky Power was required to credit all customers excess unprotected accumulated deferred federal income taxes ("ADFIT") through Tariff Federal Tax Cut ("Tariff F.T.C.") over 18 years, producing substantial benefits for both residential and non-residential customers. Indeed, the amount of Kentucky Power' remaining excess unprotected ADFIT to be flowed back to customers totaled $113.5 million as of April 30, 2020.

Unfortunately, circumstances in the Company's service territory have shifted significantly since the 2018 Settlement was approved. Since March 2020, the COVID-19 pandemic has greatly exacerbated pre-existing economic and financial difficulties within Kentucky Power's service territory. Considering its substantial and ever-increasing delinquent payment balance resulting from the COVID-19 State of Emergency, Kentucky Power now seeks to use approximately $10.8 million of the excess unprotected ADFIT addressed in the 2018 Settlement to provide relief to its struggling customers.

Marathon, which directly employs approximately 750 people at its Catlettsburg, Ky. Refinery (plus numerous on-site contractors), was not one of the delinquent customers necessitating Kentucky Power's proposed change to the 2018 Settlement. Indeed, Marathon's presence in Kentucky Power's service territory is a significant contributor to the economy in that region. Kentucky Power's proposal will result in Marathon foregoing approximately $2.37 million in excess unprotected ADFIT savings that it would have otherwise received under the 2018 Settlement. Given this, Marathon did not take the decision to sign on to the Settlement Agreement lightly. But because of the unprecedented nature of the COVID-19 pandemic and the difficult circumstances facing many other residential, commercial and industrial customers within the Kentucky Power service territory, Marathon agreed to Kentucky Power's proposed relief. Consequently, KIUC respectfully requests that the Commission approve the Settlement Agreement without modification.

Respectfully submitted,

/s/ Michael L. Kurtz

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