#### COMMONWEALTH OF KENTUCKY

#### BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Electronic Application Of Kentucky Power Company	)	
To Defer A Portion Of Fuel Adjustment Clause	)	Case No. 2022-00125
Charges For Later Collection Without Establishing A	)	Case No. 2022-00123
Regulatory Asset	)	

### Notice of Filing Of Temporary Revisions To Tariff F.A.C.

Kentucky Power Company gives notice, at the request of Commission Staff at the informal conference held on April 26, 2022 in this matter ("IC"), of the filing of 1st Revised Sheet No. 1-1; 3rd Revised Sheet No. 5-2; and Original Sheet No. 5-3 filed via the Commission's Tariff Filing System on April 26, 2022.

Kentucky Power states that the revisions to Tariff F.A.C. are temporary and are made for the purposes of administrative efficiency after consulting with Commission Staff at the IC. The temporary revisions to Tariff F.A.C. do not address the Company's pending request in its Application to amortize and collect the postponed costs in the June, July, and August 2022 billing cycles. The Company understands that this pending request will be addressed by the Commission in this case.

Respectfully submitted,

Katie M. Glass

STITES & HARBISON PLLC

421 West Main Street

P.O. Box 634

Frankfort, Kentucky 40602-0634

Telephone: (502) 223-3477

kglass@stites.com

COUNSEL FOR KENTUCKY POWER

COMPANY



421 West Main Street P.O. Box 634 Frankfort, KY 40602-0634 (502) 223-3477 (502) 779-8349 FAX

Katie M. Glass (502) 209-1212 kglass@stites.com

April 26, 2022

#### 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: P.S.C. KY. No. 12 1<sup>st</sup> Revised Sheet No. 1-1; P.S.C. KY. No. 12 3<sup>rd</sup> Revised Sheet No. 5-2; and P.S.C. KY. No. 12 Original Sheet No. 5-3

Dear Ms. Bridwell:

Kentucky Power Company files herewith clean and relined versions of its 1st Revised Sheet No. 1-1; 3rd Revised Sheet No. 5-2; and Original Sheet No. 5-3.

The Company's Original Sheet No. 5-3 reflects the addition of Section 14 to Tariff F.A.C. (Fuel Adjustment Clause). Section 14 reflects the Company's election to temporarily reduce the FAC rate from 0.02181 to 0.01729, which will be applied to customer bills rendered between April 29, 2022 and May 27, 2022. This rate reduction is the result of the Company's election to collect the first \$1,000,000 of FAC costs previously postponed (totaling \$3,000,000) which otherwise would have been collected during the April 2022 billing month, and to postpone the collection of \$3,000,000 of FAC costs that otherwise would be collected during the May 2022 billing month. The rate reduction described in this paragraph will only be effective for and applied to customer bills rendered between April 29, 2022 and May 27, 2022.

The addition of Section 14 to Tariff F.A.C. is temporary and is made for the purposes of administrative efficiency after consulting with Commission Staff at the informal conference held on April 26, 2022 in Case No. 2022-00125, which concerns the Company's application to temporarily levelize fuel costs for customers, including its pending request to amortize and collect the postponed costs in the June, July, and August 2022 billing cycles. The Company understands that its proposal to amortize and collect the postponed costs in the June, July, and August 2022 billing cycles will be addressed by the Commission in Case No. 2022-00125.

The Company requests as a part of this tariff filing, and pursuant to KRS 278.180(2), that the Commission allow the reduced rate proposed in Section 14 of Original Sheet No. 5-3 to become effective for bills rendered between April 29, 2022 and May 27, 2022. As such, the Company requests approval of the tariff revisions described herein as



Linda C. Bridwell April 26, 2022 Page 2

soon as possible, but no later than by April 28, 2022 to ensure that the Company's billing department has sufficient time to:

- (a) Implement (or not implement) the postponement of \$3,000,000 of March 2022 estimated fuel costs that otherwise would be collected beginning with the May 2022 billing cycle, which begins April 29, 2022; and
- (b) Implement (or not implement) the collection of \$1,000,000 of postponed February 2022 estimated fuel costs that otherwise would have been collected beginning with the April 2022 billing cycle, and that the Company is proposing to begin collecting with the May 2022 billing cycle, which begins April 29, 2022.

This request is time-sensitive given the timing of the beginning of the May 2022 billing cycle. The Company is mindful of the short turnaround for this request, but states that it has worked diligently to file these revised tariff sheets reflecting a rate reduction as soon as possible after the informal conference with Commission Staff on April 26, 2022 in Case No. 2022-00125.

For these same reasons, and given that the proposed tariff revisions result in a rate reduction, the Company also requests a deviation from any customer notice requirements in 807 KAR 5:011, Section 8(2), to the extent a deviation is required.

The Company's 1<sup>st</sup> Revised Sheet No. 1-1 (the Index) reflects the addition of Original Sheet No. 5-3. The Company's 3rd Revised Sheet No. 5-2 (Tariff F.A.C.) reflects the revision of the Tariff F.A.C. issue date, effective date, and authority as a result of the proposed rate reduction provided in Section 14 of Original Sheet No. 5-3.

The tariff sheets described herein are effective for bills rendered on or after April 29, 2022.

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

Very truly yours,

STITES & HARBISON PLLC

Katie M. Glass

Andy Beshear Governor

Rebecca W. Goodman Secretary Energy and Environment Cabinet



Commonwealth of Kentucky

Public Service Commission
211 Sower Blvd.
P.O. Box 615

Frankfort, Kentucky 40602-0615

Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

April 26, 2022

PARTIES OF RECORD

Re: Case No. 2022-00125

Attached is a copy of a memorandum, which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the memorandum, please do so within five days of receipt of this letter.

If you have any questions, please contact J.E.B. Pinney, Acting General Counsel at <u>Jeb.Pinney@ky.gov</u> or (502)782-2587.

Sincerely,

Linda C. Bridwell, PE Executive Director

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Attachment



#### **INTRA-AGENCY MEMORANDUM**

### KENTUCKY PUBLIC SERVICE COMMISSION

**TO:** Case File No. 2022-00125

**FROM:** J.E.B. Pinney, Acting General Counsel

**DATE:** April 26, 2022

**RE:** Informal Conference of April 26, 2022

Pursuant to an Order issued on April 25, 2022, an informal conference (IC) was conducted on April 26, 2022. Attached is a copy of the attendance roster.

The purpose of the IC was to discuss matters that may aid in the handling and disposition of the case. Commission Staff, the Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention (Attorney General), the Kentucky Industrial Customers, Inc. (KIUC), and Kentucky Power Company (Kentucky Power) attended the IC. Kentucky Power explained the deferral of Fuel Adjustment Clause (FAC) charges for later collection as established in their filed application. The Attorney General and KIUC had no objections to the deferral of the FAC charges but did express concerns over the increasing FAC rates.

Commission Staff informed the parties of the FAC review period proceedings conducted by the Commission pursuant to 807 KAR 5:056, Section 3(3) and (4), which allows the Commission to conduct a formal review of a utility's past fuel adjustments. Commission Staff further suggested that Kentucky Power file a modified FAC Tariff to address the proposed reduction in the FAC rate for the May 2022 billing period resulting from the requested deferral. The utility may request that the Commission grant approval of the proposed FAC rate with less than 30 days' notice given to the Commission due to the reduction in rates.

There being no further discussion, the IC was then adjourned.

cc: Parties of Record

## COMMONWEALTH OF KENTUCKY

### BEFORE THE PUBLIC SERVICE COMMISSION

ELECTRONIC APPLICATION OF KENTUCKY	)	
POWER COMPANY TO DEFER A PORTION	)	CASE NO.
OF FUEL ADJUSTMENT CLAUSE CHARGES	)	2022-00125
FOR LATER COLLECTION WITHOUT	)	
ESTABLISHING A REGULATORY ASSET	)	

April 26, 2022

### Please sign in:

NAME	REPRESENTING	
Sarah Jankowski	PSC Staff	
J.E.B. Pinney	PSC Staff	
John Rogness	PSC Staff	
Jason Colyer	PSC Staff	
Christian Everly	PSC Staff	
Katie Glass	Kentucky Power Company	
Brian West	Kentucky Power Company	
Lerah Scott	Kentucky Power Company	
Scott Bishop	Kentucky Power Company	
Christien Blend	Kentucky Power Company	
John Crespo	Kentucky Power Company	
Angela Goad	Attorney General's Office	
Jody Cohn	KIUC	

Mike Kurtz	KIUC
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\*Angela M Goad Assistant Attorney General Office of the Attorney General Office of Rate 700 Capitol Avenue Suite 20 Frankfort, KENTUCKY 40601-8204

\*Hector Garcia Kentucky Power Company 1645 Winchester Avenue Ashland, KY 41101

\*John G Horne, II Office of the Attorney General Office of Rate 700 Capitol Avenue Suite 20 Frankfort, KENTUCKY 40601-8204

\*Kentucky Power Company 1645 Winchester Avenue Ashland, KY 41101

\*Katie M Glass Stites & Harbison 421 West Main Street P. O. Box 634 Frankfort, KENTUCKY 40602-0634

\*Larry Cook Assistant Attorney General Office of the Attorney General Office of Rate 700 Capitol Avenue Suite 20 Frankfort, KENTUCKY 40601-8204

\*J. Michael West Office of the Attorney General Office of Rate 700 Capitol Avenue Suite 20 Frankfort, KENTUCKY 40601-8204

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Tariff S.L.	Street Lighting	15-1 thru 15-5

(Cont'd on Sheet No. 1-2)

DATE OF ISSUE: April 26, 2022

DATE EFFECTIVE: Service Rendered On And After April 29, 2022

ISSUED BY: /s/ Brian K. West

TITLE: Vice President, Regulatory & Finance

By Authority Of an Order of the Public Service Commission

In Case No. XXXX-XXXXX Dated XXXXX XX, XXXX

# TARIFF F.A.C. (Cont'd) (Fuel Adjustment Clause)

- 4. Forced outages are all nonscheduled losses of generation or transmission which require substitute power for a continuous period in excess of six (6) hours. Where forced outages are not as a result of faulty equipment, faulty manufacture, faulty design, faulty installations, faulty operation, or faulty maintenance, but are Acts of God, riot, insurrection or acts of the public enemy, then the utility may, upon proper showing, with the approval of the Commission, include the fuel costs of substitute energy in the adjustment. Until such approval is obtained, in making the calculations of fuel costs (F) in subsection (3)(a) and (b) above, the forced outage costs to be subtracted shall be no less than the fuel cost related to the lost generation.
- 5. Sales (S) shall be all kWh's sold, excluding intersystem sales. If, for any reason billed system sales cannot be coordinated with the fuel costs for the billing period, sales may be equated to: (i) generation, plus (ii) purchases, plus (iii) interchange in, less (iv) energy associated with pumped storage operations, less (v) intersystem sales referred to in subsection (3)(d) above, less (vi) total system losses. Utility used energy shall not be excluded in the determination of sales (S).
- 6. The cost of fossil fuel shall only include the cost of the fuel itself and necessary charges for transportation of the fuel from the point of acquisition to the unloading point, as listed in Account 151 of FERC Uniform System of Accounts for Public Utilities and Licensees, less any cash or other discounts.
- 7. At the time the fuel clause is initially filed, the utility shall submit copies of each fossil fuel purchase contract not otherwise on file with the Commission and all other agreements, options, amendments, modifications, and similar documents related to the procurement of fuel supply or purchased power. Any changes in the contracts or other documents, including price escalations, and any new agreements entered into after the initial submission, shall be submitted at the time they are entered into. If fuel is purchased from utility-owned or controlled sources, or the contract contains a price escalation clause, those facts shall be noted and the utility shall explain and justify them in writing. Fuel charges, which are unreasonable, shall be disallowed and may result in the suspension of the fuel adjustment clause based on the severity of the utility's unreasonable fuel charges and any history of unreasonable fuel charges. The Commission on its own motion may investigate any aspect of fuel purchasing activities covered by 807 KAR 5:056 (Fuel Adjustment Clause).
- 8. The monthly fuel adjustment shall be filed with the Commission no later than ten (10) days before it is scheduled to go into effect, along with all the necessary supporting data to justify the amount of the adjustment.
- 9. Copies of all documents required to be filed with the Commission under 807 KAR 5:056 shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS 61.870 to 61.884.
- 10. At six (6) month intervals, the Commission shall conduct a formal review and may conduct public hearings on a utility's past fuel adjustments. The Commission shall order a utility to charge off and amortize, by means of a temporary decrease of rates, any adjustments the Commission finds unjustified due to improper calculation or application of the charge or improper fuel procurement practice.
- 11. Every two (2) years following the initial effective date of each utility's fuel clause, the Commission shall conduct a formal review and evaluate past operations of the clause, disallow improper expenses, and to the extent appropriate, reestablish the fuel clause charge in accordance with Section 1 (2) of 807 KAR 5:056.
- 12. The Commission may conduct a public hearing if the Commission finds that a hearing is necessary for the protection of a substantial interest or is in the public interest.
- 13. Resulting cost per kilowatt-hour in February 2020 to be used as the base cost in Standard Fuel Adjustment Clause is:

<u>Fuel</u> - February 2020 ÷ \$12,810,858 = \$0.02612/kWh

Sales February 2020 490,482,730

This, as used in the Fuel Adjustment Clause, is 2.612¢ per kilowatt-hour. (Cont'd on Sheet 5-3)

DATE OF ISSUE: April 26, 2022

DATE EFFECTIVE: Bills Rendered On And After April 29, 2022

ISSUED BY: /s/ Brian K. West

TITLE: Vice President, Regulatory & Finance

By Authority Of an Order of the Public Service Commission

In Case No. XXXX-XXXXX Dated XXXXX XX, XXXX

# TARIFF F.A.C. (Cont'd) (Fuel Adjustment Clause)

14. Kentucky Power will temporarily reduce the FAC rate from 0.02181 to 0.01729, which will be applied to customer bills rendered between April 29, 2022 and May 27, 2022. This rate reduction is the result of the Company's election to collect the first \$1,000,000 of FAC costs previously postponed (which total \$3,000,000) which otherwise would have been collected during the April 2022 billing month, and to postpone the collection of \$3,000,000 of FAC costs that otherwise would be collected during the May 2022 billing month. The rate reduction described in this paragraph will only be effective for and applied to customer bills rendered between April 29, 2022 and May 27, 2022. The Company has elected this temporary one-month rate reduction in an attempt to temporarily levelize fuel costs for customers and for the purposes of administrative efficiency after consulting with Commission Staff. More information about the Company's requests to temporarily levelize fuel costs for customers, including its pending request to amortize and collect the postponed costs in the June, July, and August 2022 billing cycles, can be found in the Company's Application filed in Case No. 2022-00125.

DATE OF ISSUE: April 26, 2022

DATE EFFECTIVE: Bills Rendered On And After April 29, 2022

ISSUED BY: /s/ Brian K. West

TITLE: Vice President, Regulatory & Finance

By Authority Of an Order of the Public Service Commission

In Case No. XXXX-XXXXX Dated XXXXX XX, XXXX

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KENTUCKY POWER COMPANY

# P.S.C. KY. NO. 12 $\underline{1^{ST}}$ REVISEDORIGINAL SHEET NO. 1-1 $\pm$ CANCELLING P.S.C. KY. NO. 12 ORIGINAL 11 $\pm$ REVISED SHEET NO. 1-1 $\pm$

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(Cont'd on Sheet No. 1-2)

DATE OF ISSUE: <u>April 269</u>, <u>2022</u><del>2021</del>

DATE EFFECTIVE: Service Rendered On And After April 29, 2022 January 14, 2021

ISSUED BY: /s/ Brian K. West

TITLE: Vice President, Regulatory & Finance

By Authority Of an Order of the Public Service Commission

In Case No. XXXX-XXXXX<del>2020 00174</del> Dated XXXXX XX, XXXX<del>January 13, 2021; January 15, 2021; February 22, 2021; and March 17, 2021</del>

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KENTUCKY POWER COMPANY

P.S.C. KY. NO. 12 3<sup>rd</sup> 2<sup>ND</sup> REVISED SHEET NO. 5-2 CANCELLING P.S.C. KY. NO. 12 2nd 4<sup>ST</sup>-REVISED SHEET NO. 5-2

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#### TARIFF F.A.C. (Cont'd) (Fuel Adjustment Clause)

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(Cont'd on Sheet 5-3)

DATE OF ISSUE: January April 2614, 2022

DATE EFFECTIVE: ServiceBills Rendered On And After April 29February 13, 2022

ISSUED BY: /s/ Brian K. West

TITLE: Vice President, Regulatory & Finance

By Authority Of an Order of the Public Service Commission

In Case No. XXXX-XXXXX Dated XXXXX XX, XXXX

807 KAR 5:056, eff. 6 3 2021.

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P.S.C. KY. NO. 12 ORIGINAL SHEET NO. 5-3

#### CANCELLING P.S.C. KY. NO. XX ORIGINAL SHEET NO. X-X

#### TARIFF F.A.C. (Cont'd) (Fuel Adjustment Clause)

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DATE OF ISSUE: January April 2614, 2022

DATE EFFECTIVE: ServiceBills Rendered On And After April 29February 13, 2022

ISSUED BY: /s/ Brian K. West

TITLE: <u>Vice President, Regulatory & Finance</u>
By Authority Of an Order of the Public Service Commission

In Case No. XXXX-XXXXX Dated XXXXX XX. XXXX

807 KAR 5:056, eff. 6 3 2021.