

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ELECTRONIC EXAMINATION OF THE)	
APPLICATION OF THE FUEL ADJUSTMENT)	
CLAUSE OF KENTUCKY POWER COMPANY)	Case No. 2023-00008
FROM NOVEMBER 1, 2020 THROUGH)	
OCTOBER 31, 2022)	

REBUTTTAL TESTIMONY OF
SCOTT E. BISHOP
ON BEHALF OF KENTUCKY POWER COMPANY

**DIRECT TESTIMONY OF
SCOTT E. BISHOP ON BEHALF OF
KENTUCKY POWER COMPANY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

CASE NO. 2023-00008

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I. INTRODUCTION

1 **Q. PLEASE STATE YOUR NAME, POSITION WITH KENTUCKY POWER**
2 **COMPANY, AND BUSINESS ADDRESS.**

3 A. My name is Scott E. Bishop. My position is Regulatory Consultant Senior for
4 Kentucky Power Company (“Kentucky Power” or the “Company”). My business
5 address is 1645 Winchester Avenue, Ashland, Kentucky 41101.

II. BACKGROUND

6 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND**
7 **BUSINESS EXPERIENCES.**

8 A. I received a Bachelor of Arts degree in Economics from The Ohio State University
9 in 1992 and a Master of Business Administration degree from Ohio Dominican
10 University in 2004. I began my utility industry career with American Electric Power
11 Service Corporation (“AEPSC”) in October 1998 as a Cash Management Analyst with
12 responsibility for determining the corporation’s daily cash position. In 2000, I
13 transferred to the Trusts and Investments Department as an Investment Analyst. My
14 duties included staying abreast of pending legislation and litigation that could affect
15 AEP benefits and performing analysis and reporting for the corporate investment
16 committee. I also worked as an Analyst in other departments where my work included

1 the analysis of spending trends, and creation of complex financial models. In January
2 2010, I accepted the position of Demand Side Management (“DSM”) / Energy
3 Efficiency Coordinator for AEPSC. In October 2010, I transferred to Kentucky
4 Power. My duties included developing, issuing, and evaluating requests for proposals
5 for potential DSM programs and third-party managers. I also implemented and
6 managed new DSM programs, managed program budgets, assisted with Public Service
7 Commission of Kentucky (“Commission”) filings and status reports, supported the
8 preparation of responses to Commission data requests and inquiries, and assisted with
9 testimony development. In April 2018, I assumed my current position as Regulatory
10 Consultant Senior for Kentucky Power.

11 **Q WHAT ARE YOUR PRINCIPAL AREAS OF RESPONSIBILITY WITH**
12 **KENTUCKY POWER?**

13 A. My primary responsibility is to support the Company’s regulatory activities. As part of
14 this responsibility, I prepare the Company’s monthly fuel adjustment clause (“FAC”)
15 filings with the Commission. Additionally, I assist with the Company’s other periodic
16 Commission regulatory filings.

17 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY OR RESPONSES TO**
18 **DATA REQUESTS IN ANY REGULATORY PROCEEDING?**

19 A. Yes. I submitted testimony in the last four Demand Side Management proceedings
20 (Case Nos. 2019-00410, 2020-00362, 2021-00420, and 2022-00392), the Company’s
21 last base rate case (Case No. 2020-00174), the Company’s current base rate case (Case
22 No. 2023-00159), and sponsored discovery responses in the Company’s last two 6-
23 month FAC review cases (Case Nos. 2022-00036 and 2022-00263, respectively).

III. PURPOSE OF TESTIMONY

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

2 A. The purpose of my rebuttal testimony is to propose an adjustment to the FAC rates
3 collected by the Company during the review period in this case in order to collect
4 \$172,892.70 in fuel costs that was inadvertently improperly excluded from recovery
5 through the FAC during the month of August 2021. The inadvertent under-collection
6 was raised in this proceeding in response to discovery issued by the Attorney General
7 and Kentucky Industrial Utility Customers, Inc. I further support the Company's
8 proposal to collect the \$172,892.70 from customers through the FAC over the course
9 of one month.

**IV. THE AMOUNTS INADVERTENTLY EXCLUDED FROM RECOVERY
THROUGH THE FAC**

10 **Q. CAN YOU PLEASE DESCRIBE THE SITUATION THAT LED TO THE**
11 **INADVERTENT AND IMPROPER EXCLUSION OF \$172,892.70 FROM**
12 **RECOVERY THROUGH THE FAC?**

13 A. Yes. This issue was first identified in Case No. 2022-00036, the record of which has
14 been incorporated into this case. When the Company filed in that case its PUE
15 calculations demonstrating the amounts to be recovered through the FAC as a result of
16 the PUE calculation, there was an inadvertent misalignment of the cell rows pertaining
17 to fuel costs during certain hours of the months July 2021 and August 2021. The
18 Company filed revised PUE calculations in that case to correct the cell misalignments
19 in Case No. 2022-00036 on September 19, 2022. The Company determined upon
20 correction that there were no changes to the total amount of fuel costs for July 2021 to

1 be recovered through the FAC as a result of the misalignment. However, the Company
2 determined that there was a discrepancy in the total amount of fuel costs that should
3 have been recovered through the FAC pursuant to the PUE calculation for the month
4 of August 2021. The Company provided a full explanation of this issue in its
5 supplemental response to KPSC 1-16 in Case No. 2022-00036 (filed September 19,
6 2022). The Company confirmed the information in its response to AG-KIUC 1-2 in
7 this proceeding. The total amount that was inadvertently excluded from FAC recovery
8 and that is proposed to be collected from customers is \$172,892.70.

9 **Q. WHAT WAS THE AMOUNT THAT WAS ELIGIBLE FOR AND SHOULD**
10 **HAVE BEEN COLLECTED THROUGH THE FAC PURSUANT TO THE PUE**
11 **CALCULATION AND INSTEAD WAS INADVERTENTLY EXCLUDED?**

12 A. The Company inadvertently excluded, and otherwise should have collected, the
13 amount of \$172,892.70 of fuel costs through the FAC in August 2021.

14 **Q. WAS THE EXCLUSION OF THESE AMOUNTS FROM RECOVERY**
15 **THROUGH THE FAC UNINTENTIONAL AND INADVERTENT?**

16 A. Yes. The exclusion of these amounts from recovery through the FAC was
17 unintentional and was the result of a cell misalignment. Absent the inadvertent cell
18 misalignment, these fuel costs were eligible for recovery through the FAC and should
19 have been collected from customers.

20 **Q. HAVE THE FUNDS BEEN COLLECTED FROM CUSTOMERS THROUGH**
21 **ANY OTHER RECOVERY MECHANISM AVAILABLE TO KENTUCKY**
22 **POWER?**

23 A. No.

1 **Q. HOW DOES THE COMPANY PROPOSE TO REMEDY THE UNDER-**
2 **COLLECTION?**

3 A. The Company proposes to collect the \$172,892.70 in fuel costs from customers through
4 the FAC beginning the first billing month after the Commission issues its final order in
5 this case. The Company proposes to collect the amounts over the course of one month.

6 **Q. WHAT WOULD BE THE IMPACT ON A CUSTOMER’S BILL RESULTING**
7 **FROM THE COLLECTION OF THESE AMOUNTS OVER THE COURSE OF**
8 **ONE MONTH?**

9 A. An average residential customer using 1,300 kWh would see a one-time (only for one
10 month) increase in FAC charges of approximately \$0.50 as a result of the Company’s
11 proposal.

12 **Q. IS THE PROPOSED RECOVERY OF THESE FUNDS FAIR, JUST, AND**
13 **REASONABLE?**

14 A. Yes. The Company’s proposal as detailed above is fair, just, and reasonable. The fuel
15 costs discussed above were otherwise eligible to be recovered from customers through
16 the FAC and instead were inadvertently excluded from recovery due to a simple
17 miscalculation. The miscalculation error was not willful and there is no reason that the
18 amounts should otherwise not be recovered through the FAC. The Company’s proposal
19 to collect these improperly excluded amounts is appropriate in this proceeding because
20 it falls within the review period of this case.

21 **V. CONCLUSION**

22 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

23 A. Yes, it does.

VERIFICATION

The undersigned, Scott E. Bishop, being duly sworn, deposes and says he is the Regulatory Consultant Senior for Kentucky Power, that he has personal knowledge of the matters set forth in the foregoing testimony and the information contained therein is true and correct to the best of his information, knowledge, and belief after reasonable inquiry.

Scott E Bishop
Scott E. Bishop

Commonwealth of Kentucky)
)
County of Boyd)

Case No. 2023-00008

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Scott E. Bishop, on February 1, 2024

Marilyn Michelle Caldwell
Notary Public



My Commission Expires May 5, 2027

Notary ID Number KYNP71841