

**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)	Case No. 2023-00159
Regulatory Assets And Liabilities; (4) A)	
Securitization Financing Order; And (5) All Other)	
Required Approvals And Relief)	

Notice of Filing Rates To Be Implemented After Appeal

Kentucky Power Company (“Kentucky Power” or the “Company”) hereby files with the Public Service Commission of Kentucky (“Commission”) rate calculations to implement the prospective portion of the Franklin Circuit Court’s order on appeal in Case No. 23-CI-160, which reflects the inclusion of the Transmission Expense Adjustment and Rate Case Expense Adjustment, to be implemented on and after February 21, 2025.

The Franklin Circuit Court’s order on appeal recognized, among other things, that “Transmission Expense is a FERC-jurisdictional cost and its reasonableness is not subject to the Commission’s jurisdiction. Once approved by FERC, Transmission Expense cannot be reduced or disallowed by the Commission under the Supremacy Clause of the United States Constitution.”¹ It further held that the Commission’s Rate Case Expense Adjustment was “plainly deficient and therefore unreasonable...[and] must be reversed.”² Thus, the Franklin Circuit Court remanded this proceeding to the Commission to “set[] rates to allow Kentucky Power to recover the \$14.2 million Transmission Expense adjustment” and the Rate Case Expense Adjustment.³

¹ Order at 8, Ky. Power Co. v. Pub. Serv. Comm’n, No. 24-CI-00160 (Franklin Cir. Ct. Jan. 22, 2025).

² *Id.* at 11.

³ *Id.*

The Excel file titled “Appendix C” contains three tabs demonstrating the Company’s calculation of the rates to be implemented prospectively. Tab “Original 2023-01-19” contains the rates originally ordered in the Commission’s January 19, 2023 Order in this case, which the Franklin Circuit Court found to be unlawful and unreasonable on appeal. Tab “Modified for 2023-00008” contains the rates originally ordered, and includes the updated base fuel rates ordered by the Commission in its December 13, 2024 Order in Case No. 2023-00008. Tab “Remanded Rates” contains the rates that should be implemented in order to effectuate the Franklin Circuit Court’s order on appeal, as well as the updated base fuel rates approved in Case No. 2023-00008. The Commission should utilize Tab “Remanded Rates” and set new rates for bills rendered on and after February 21, 2025, in an order to be issued no later than February 21, 2025.

The Company is also providing an Excel file titled “Rate Design” that provides the Company’s calculation of rates to effectuate the order on appeal. Notably this file utilized the rate design file provided on December 15, 2023 in this case as its starting point and then factored in the amounts disallowed from the Commission’s January 19, 2024 Order and those amounts remanded by the Franklin Circuit Court (please see the “RS” tab, columns K and L, rows 5 through 10).

Finally, in order to fully effectuate the Franklin Circuit Court’s order on appeal, which requires the Commission not only to set correct rates prospectively but also to allow Kentucky Power to recover the FERC-jurisdictional \$14.2 million annual Transmission Expense adjustment in full,⁴ the Commission should also order that the amount of the Transmission Expense Adjustment and Rate Case Expense Adjustment from January 16, 2024 through present will be added to the existing Tariff PPA Under-Recovery Regulatory Asset, to be securitized in

⁴ *Id.* at 8.

the first half 2025, through the Commission's issuance of a revised Financing Order in Case No. 2023-00159 on or before March 15, 2025.⁵

Respectfully submitted,



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⁵ Alternatively, if the Commission does not order the amount to be added to the Tariff PPA Under-Recovery Regulatory Asset to be securitized, then the Commission should establish a regulatory asset in that amount and authorize the regulatory asset to be amortized through a temporary surcharge over 12-24 months from the date of its order on remand, and trued-up at the end of the amortization period in order to ensure full recovery.