

**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)	

Kentucky Power Company’s Response to Joint Intervenors’ Motion for Rehearing

Kentucky Power Company (“Kentucky Power” or “Company”) files its response to the Motion for Rehearing and Response to Kentucky Power Company’s Motion for Expedited Rehearing of Appalachian Citizens’ Law Center, Kentuckians For The Commonwealth, Kentucky Solar Energy Society, and Mountain Association (collectively, “Joint Intervenors”) (“Motion for Rehearing”), and states as follows:

Joint Intervenors’ Motion for Rehearing opposes the Company’s request for expedited rehearing to address the Commission’s errors in its February 21, 2025 Order in this case (“Order on Remand”), which purports to set prospective rates only in response to the Franklin Circuit Court’s January 22, 2025 Order (“Order Reversing”). Joint Intervenors argue that the rate set in the Order on Remand, specifically the Commission’s increase in the residential service charge for Tariff R.S. customers from \$20.00 to \$24.50,¹ is not supported by substantial evidence. Joint Intervenors request that the Commission grant rehearing on the issue of the increase in the Tariff R.S. service charge and issue a procedural order to further develop the evidentiary record on that

¹ Although not discussed in the Joint Intervenors’ Motion for Rehearing, while the Commission’s Order on Remand increases the service charge to \$24.50 for Tariff R.S. customers, there are, in fact, four other residential tariff subclasses whose rates (including the service charge) must also be addressed.

issue. Joint Intervenors' Motion for Rehearing does not substantively address Kentucky Power's other requests in Kentucky Power's Motion for Expedited Rehearing with respect to the historical rates to be implemented to fully effectuate the Order on Remand.

Kentucky Power does not oppose the Joint Intervenors' request for rehearing on the issue of the increase to the Tariff R.S. service charge and instead argues that Joint Intervenors' Motion for Rehearing would be mooted if the Commission implements the rates provided by Kentucky Power in its February 11, 2025 Rate Implementation Notice. As Kentucky Power stated in its Motion for Expedited Rehearing, "In order to comply with the Franklin Circuit Court's Order Reversing, with respect to the prospective rates only, the Commission should implement the rates provided on February 11, 2025 with Kentucky Power's Rate Implementation Notice."² The rates provided with the Rate Implementation Notice include the \$20.00 service charge that Joint Intervenors argue should remain in effect. The Company merely provided the rates necessary to fully recover, on a prospective basis only, the annual Transmission Expense Adjustment and Rate Case Expense using the Commission's increased residential service charges as an *alternative* to the rates in the Rate Implementation Notice.

Thus, if the Commission implements the prospective rates Kentucky Power provided with its February 11, 2025 Rate Implementation Notice, then the Joint Intervenors' Motion for Rehearing, and their objection to an expedited rehearing process, will be moot.³ Conversely, implementing a full rehearing procedural schedule to take evidence on the reasonableness of the increased service charge would further prejudice Kentucky Power, and ultimately, customers, for

² Rate Implementation Notice at 8.

³ While implementation of the rates in the Company's Rate Implementation Notice would moot the Joint Intervenors' Motion for Rehearing and their objection to an expedited rehearing process, the Commission would still need to issue further orders to address Kentucky Power's remaining requests for relief with respect to the historical amounts to be recovered from January 16, 2024 through the date of the order on rehearing that sets the correct prospective rates.

an error that can otherwise quickly be addressed. As stated previously, every day that the Company cannot implement the correct prospective rates, the Company fails to collect approximately \$38,900. Each month that this matter potentially spends on rehearing, the historical balance to be recovered from customers for these expenses grows by approximately \$1.2 million.

Again, the Company respectfully requests that the Commission grant expedited rehearing of its February 21, 2025 Order on Remand and issue an order correcting the errors in setting prospective rates as soon as possible, but no later than March 17, 2025.

The Company further requests that the Commission also promptly issue an order that allows Kentucky Power to recover, in full, the FERC-jurisdictional \$14.2 million annual Transmission Expense adjustment that should have been collected from January 16, 2024 through February 21, 2025 in the manner requested by Kentucky Power in its Rate Implementation Notice, or in some other manner that the Commission deems appropriate, as ordered by the Franklin Circuit Court.

Finally, in order to ensure that Kentucky Power is not further harmed by the Commission's Order on Remand, the Company further respectfully requests that the Commission grant Kentucky Power deferral authority to accumulate and defer for later recovery the portion of the \$14.2 million annual Transmission Expense Adjustment that should have been recovered beginning February 21, 2025 through the date so ordered by the Commission, to be amortized and recovered over six months through a temporary surcharge.⁴

⁴ Alternatively, the Commission could also order that this amount be added to the Tariff P.P.A. Under-Recovery Regulatory Asset and recovered through the issuance of securitization bonds in 2025.

Respectfully submitted,



Katie M. Glass
STITES & HARBISON PLLC
421 West Main Street
P. O. Box 634
Frankfort, Kentucky 40602-0634
Telephone: (502) 223-3477
Fax: (502) 560-5377
kglass@stites.com

Kenneth J. Gish, Jr.
STITES & HARBISON PLLC
250 West Main Street, Suite 2300
Lexington, Kentucky 40507-1758
Telephone: (859) 226-2300
Fax: (859) 253-9144
kgish@stites.com

COUNSEL FOR KENTUCKY POWER
COMPANY