

August 15, 2024

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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: **Kentucky Power Company's Second Revised Tariff Sheet 31-2 (Tariff P.P.A.)**

Dear Ms. Bridwell:

Kentucky Power Company files redline and annotated versions P.S.C. KY. NO. 13 2nd Revised Tariff Sheet 31-2 to reflect the updated Tariff P.P.A. (Purchase Power Adjustment) rates. The new rates implement the provisions of the Commission's January 18, 2018 Order in Case No. 2017-00179, January 19, 2024 Order in Case No. 2023-00159, February 12, 2024 Order in Case No. 2024-00016,¹ and June 14, 2024 and July 25, 2024 Orders in Case No. 2023-00318.²

KPCo_PPA_2024_Annual_Update also is being uploaded with the tariff sheet. It includes the calculations supporting the new Tariff P.P.A. rates.

With this filing, Kentucky Power is updating the Tariff P.P.A. rate in several respects. First, consistent with the settlement agreement in Case No. 2023-00159, the Company removed from recovery through Tariff P.P.A. its PJM LSE OATT expenses, which are now being recovered solely through base rates. Their removal is demonstrated in Line (1) of Form 1.0 in the form of a reduction of the costs recovered through that line as compared to the Company's 2023 filing.

Next, consistent with the Commission's June 14, 2024 Order in Case No. 2023-00318, the Company reverted the method by which the over/under recovery is calculated to the method

¹ The Commission's February 12, 2024 Order in Case No. 2024-00016 authorized Kentucky Power to implement the rates proposed in that case subject to refund for service rendered on and after March 2, 2024. Kentucky Power filed its notice of intent to so implement the approved rates subject to refund on February 15, 2024.

² The Company sought and the Commission has granted rehearing of this Order in Case No. 2023-00318.

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historically used prior to the Company's proposals in Case No. 2023-00318. The reversion is demonstrated in Line (12) and Line (13) of Form 1.0.

The Company also included a demonstration of the revenue requirement as calculated consistent with the Company's proposals in Case No. 2023-00318, which were denied by the Commission in its June 14, 2024 Order, and which is currently on rehearing. The demonstration shows that the Company's proposals in Case No. 2023-00318 would have resulted in a reduction of the Tariff P.P.A. annual revenue requirement in the amount of \$445,764.

The reduction could have been as high as \$3.3 million, comprised of the above-mentioned \$445,764 and an additional \$2.9 million resulting from setting the base amount to the billing period rather than historic period.³ As a result, the residential P.P.A. rate would have been .00151, which equates to a P.P.A. charge of \$1.96 for the average residential customer using 1,300 kWh per month. This compares to the P.P.A. rate calculated consistent with the Commission's June 14, 2024 Order in Case No. 2023-00318 and proposed herein, of .00226, which equates to a charge of \$2.94 for the average residential customer using 1,300 kWh per month.

Next, the Company reflected the final over/under recovery balance from the amounts collected through Tariff Capacity Charge pursuant to the settlement agreement in Case No. 2004-00420. Customers are due a credit in the amount of \$488,174 to be credited over the course of 12 months through Tariff P.P.A., which is reflected in Line (4) of Form 1.0. Additional information related to this credit is provided in tab "Tariff CC" in KPCo_PPA_2024_Annual_Update.

Next, the Company reflected the recovery of the remaining Rockport Offset True-Up amounts not yet collected through Tariff P.P.A. as demonstrated in Line (10) of Form 1.0. In Case No. 2024-00016, the Commission authorized Kentucky Power to begin collecting these amounts through Tariff P.P.A., subject to refund, for service rendered on and after March 2, 2024.⁴ The Company proposed in that case to collect the Rockport Offset True-Up over the course of 12 months. The Company now proposes to continue collecting the Rockport Offset True-Up through September 2025 billing. In other words, the Company proposes with this filing to collect the Rockport Offset True-Up over a total of 18-19 months, rather than the 12 months originally proposed in Case No. 2024-00016. Spreading out collection of the Rockport Offset True-Up over an additional 6-7 months will reduce monthly Tariff P.P.A. rate impacts for customers. The Company will also be filing a motion in Case No. 2024-00016 requesting to

³ At the October 13, 2023, Informal Conference the Company explained that the proposed changes were to set P.P.A. rates utilizing a reasonable proxy for the period the rate is to be in effect. This proposal thus represented a change in the rider being a strictly historic view.

⁴ See n. 1.

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implement this proposal, subject to refund, to collect the Rockport Offset True-Up over the course of 18-19 months rather than the initially proposed 12 months.

Finally, the Company reflected the Commission's orders in Case No. 2023-00318 to use forecasted billing determinants in the calculation of the Tariff P.P.A. rate going forward, as reflected in Form 2.0 and tab "Input Sheet."

The Company offers to meet with Commission Staff via an informal conference to provide further explanation regarding these updates if it would be helpful.

The revised Tariff P.P.A. rates are effective for service rendered on and after September 27, 2024. The revised tariff sheets and supporting files also are being filed in Case No. 2023-00159.

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

Very truly yours,

STITES & HARBISON PLLC



Katie M. Glass

KMG