

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

Electronic Application Of Kentucky Power Company)	
For: (1) Approval Of The Rockport Offset True-Up)	
Amount; (2) Approval To Collect The Rockport)	Case No. 2024-00016
Offset True-Up Through Tariff Purchase Power)	
Adjustment; And (3) All Other Required Approvals)	
And Relief)	

Joint Motion For Limited Rehearing

Kentucky Power Company (“Kentucky Power” or “Company”), the Attorney General of the Commonwealth of Kentucky (“Attorney General”), and Kentucky Industrial Utility Customers, Inc. (“KIUC”) (collectively, “Parties”) jointly move the Public Service Commission of Kentucky (“Commission”) pursuant to KRS 278.400 for limited rehearing of only that portion of the Commission’s November 27, 2024 Order (“Order”) that requires the Rockport Offset True-Up to be recovered in equal amounts from customers over the course of 19 months (March 2024 through September 2025).

As an initial matter, the Parties greatly appreciate the Commission confirming and approving the recovery of the Rockport Offset True-Up. As such, none of the Parties request rehearing of that portion of the Commission’s Order finding that the Rockport Offset True-Up, in the amount of \$18,045,496, should be recovered from customers though Tariff P.P.A. over the course of 19 months (March 2024 through September 2025). Those findings should remain undisturbed. Rather, the Parties request only that the Commission grant limited rehearing to address and revise the monthly amount of the Rockport Offset True-Up to be collected over the course of that 19 months.

Although the Parties agree that what the Commission ordered effectuates recovery of the Rockport Offset True-Up over 19 months, the manner in which the Company would be required to effectuate the Order would require multiple re-bills for each of the Company's approximately 163,000 customers, has the potential to cause volatile Tariff P.P.A. rates during the winter heating season, and may result in customer confusion or a negative customer experience. Kentucky Power requested an informal conference and raised these issues at the December 5, 2024 informal conference. The Parties make this joint filing at Commission Staff's suggestion.

Table 1 below¹ provides a comparison of:

(a) the Company's original proposal to recover the Rockport Offset True-Up over the course of 12 months (March 2024 through February 2025) in equal monthly amounts ("Scenario A");

(b) the Company's August 2024 revised proposal to recover the Rockport Offset True-Up over the course of 19 months (March 2024 through September 2025), with the \$7,518,957 that remained uncollected as of the end of September 2024 to be recovered in equal amounts over the remaining 12 months (October 2024 through September 2025) ("Scenario B"); and

(c) the Commission's November 27, 2024 Order, which found that the Rockport Offset True-Up should be recovered in equal amounts over the entire 19-month period (March 2024 through September 2025) ("Scenario C").

Each of the three scenarios results in Kentucky Power collecting the full Rockport Offset True-Up amount of \$18,045,496, albeit in differing amounts over differing periods.

¹ The backup Excel file for Table 1 is attached as **EXHIBIT 1**.

	Original Proposal 12-Mos Recovery (a)	Aug 2024 Proposal / Leave As-Billed Recover Remaining Over 12-Mos (b)	Nov 27, 2024 Order 19-Mos Recovery Rebills Required (c)	Variance (d) = (c) - (b)
2024 March	1,503,791	1,503,791	949,763	(554,028)
2024 April	1,503,791	1,503,791	949,763	(554,028)
2024 May	1,503,791	1,503,791	949,763	(554,028)
2024 June	1,503,791	1,503,791	949,763	(554,028)
2024 July	1,503,791	1,503,791	949,763	(554,028)
2024 August	1,503,791	1,503,791	949,763	(554,028)
2024 September	1,503,791	1,503,791	949,763	(554,028)
	10,526,539	10,526,539	6,648,341	(3,878,199)
2024 October	1,503,791	626,580	949,763	323,183
2024 November	1,503,791	626,580	949,763	323,183
2024 December	1,503,791	626,580	949,763	323,183
2025 January	1,503,791	626,580	949,763	323,183
2025 February	1,503,791	626,580	949,763	323,183
2025 March		626,580	949,763	323,183
2025 April		626,580	949,763	323,183
2025 May		626,580	949,763	323,183
2025 June		626,580	949,763	323,183
2025 July		626,580	949,763	323,183
2025 August		626,580	949,763	323,183
2025 September		626,580	949,763	323,183
<i>Total Recovered</i>	18,045,496	18,045,496	18,045,496	3,878,199
<i>No. of Months Recovered Over</i>	12	19	19	

Kentucky Power submitted its revised August 2024 proposal to extend the remaining collection of the Rockport Offset True-Up through September 2025 (Scenario B) for two main reasons: spreading the collection of the remaining \$7,518,957 over the course of 12 additional months, rather than the five months that remained under the Company's initial proposal (Scenario A), would result in a lower monthly amount to be collected from customers during the 2024/2025 winter heating months, thereby reducing customer rate impacts during that time; and the Company would not have to implement two different P.P.A. rates over the course of the P.P.A. year (October – September) after the Rockport Offset True-Up would have been fully collected in February 2025 under Scenario A.

Beginning September 28, 2024, Kentucky Power implemented collection, subject to refund, of Scenario B pursuant to KRS 278.190(2) and Kentucky Power's notice to place proposed rates into effect in Case No. 2024-00289.² Kentucky Power will continue to collect those amounts subject to refund in accordance with that notice throughout the pendency of rehearing in this matter, unless otherwise ordered by the Commission.

The Commission's November 27, 2024 Order instead found that the Company should collect the Rockport Offset True-Up in equal monthly amounts of \$949,763 over the course of 19 months. Thus, the Commission's Order results in customers paying higher Tariff P.P.A. rates beginning October 2024 than they otherwise would have under the Company's proposal, Scenario B. Additionally, because Kentucky Power has already implemented and begun collecting the amounts proposed under Scenario B, as it is permitted by statute to do, the Commission's Order therefore would require Kentucky Power to credit each customer the difference between the

² *In The Matter Of: Electronic Tariff Filing Of Kentucky Power Company To Update Its Purchase Power Adjustment Rates*, Case No. 2024-00289.

amount actually charged under Scenario B and Scenario C for each month that Scenario B was/is in effect.

For the months March 2024 through September 2024, this would result in a credit. However, for the months beginning October 2024, this would result in an increased charge to reflect the higher monthly revenue requirement ordered by the Commission (\$949,763) compared to that proposed and implemented subject to refund by Kentucky Power (\$626,580). Therefore, in the month that the Company applies the credit for the months of March 2024 through September 2024, customers will see a one-time decrease in their respective Tariff P.P.A. rates. However, the next month, when the higher monthly revenue requirement ordered by the Commission is implemented, customers will not only see an increase compared to the Tariff P.P.A. rates they otherwise would have been paying under Scenario B, they will see a marked increase when compared to the prior month in which they received the one-time credit. This marked increase also would likely first appear on customers' bills in the winter months, when customers' bills typically are already the highest of the year.

The Commission's order also would require complex implementation measures that could confuse customers or result in a negative customer experience. In order to implement the one-time credit ordered by the Commission, Kentucky Power would likely have to issue a re-bill to each of its approximately 163,000 customers to reflect the credit for each month March 2024 through September 2024. The Company would then have to issue another re-bill to each of its approximately 163,000 customers to reflect the increased charge ordered by the Commission for each month beginning October 2024 through the date the re-bill is issued. Receiving successive re-bills is likely to cause customer confusion. Creating and issuing successive re-bills to each of

the Company's approximately 163,000 customers also would increase the cost of service for all customers.

Finally, although the Commission authorized Kentucky Power to collect the full \$18,045,496 Rockport Offset True-Up over 19 months, the Commission's order was not explicit as to the amounts approved to be collected through Tariff P.P.A. for the months October 2024 through September 2025. Regardless of whether the Commission orders Kentucky Power to implement Scenario B or Scenario C, the Company respectfully requests that the Commission issue an order on rehearing explicitly authorizing Kentucky Power to collect amounts that will enable it to collect the full \$18,045,496 Rockport Offset True-Up over 19 months through Tariff P.P.A.

WHEREFORE, for the reasons stated above, Kentucky Power, the Attorney General, and KIUC respectfully request that the Commission grant limited rehearing to address and revise the monthly amount of the Rockport Offset True-Up to be collected over the course of 19 months consistent with Kentucky Power's proposal in Scenario B of Table 1. Considering the important customer considerations raised in this joint motion, the Parties respectfully request rehearing to occur on an expedited basis.

Respectfully submitted,

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