COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

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 Certain Regulatory And Accounting Treatments; and (4) All Other Required Approvals And Relief	**)** **)** **)** **)** **)**	**Case No. 2025-00257**

DIRECT TESTIMONY

AND EXHIBITS

OF

LEAH J. WELLBORN

ON BEHALF OF

OFFICE OF THE ATTORNEY GENERAL OF THE COMMONWEALTH OF KENTUCKY

AND

THE KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA

November 17, 2025

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

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 Certain Regulatory And Accounting Treatments; and (4) All Other Required Approvals And Relief	**)** **)** **)** **)** **)**	**Case No. 2025-00257**

TABLE OF CONTENTS

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

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 Certain Regulatory And Accounting Treatments; and (4) All Other Required Approvals And Relief	**)** **)** **)** **)** **)**	**Case No. 2025-00257**

DIRECT TESTIMONY OF LEAH J. WELLBORN

I. INTRODUCTION AND SUMMARY

Q. Please state your name and business address.

A. My name is Leah J. Wellborn. My business address is J. Kennedy and Associates, Inc. ("Kennedy and Associates"), 570 Colonial Park Drive, Suite 305, Roswell, Georgia 30075.

Q. What is your occupation, and by whom are you employed?

A. I am a Director of Consulting at Kennedy and Associates, specializing in utility resource planning, economics, and ratemaking.

Q. Please describe briefly the nature of the consulting services provided by Kennedy and Associates.

A. Kennedy and Associates provides consulting services in the regulated electric and natural gas utility industries. Our clients include state and local government agencies and industrial electricity consumers. The firm provides expertise in system planning, load forecasting, financial analysis, cost-of-service, and rate design. Current clients include the Georgia and Louisiana Public Service Commissions, the South Carolina Office of Regulatory Staff, the Utah Office of Consumer Services, as well as industrial and commercial customers throughout the United States.

Q. Please state your educational background and experience.

A. I received an undergraduate degree in Mathematics from Georgia Southern University and a Master of Science Degree in Operations Research from the Georgia Institute of Technology, with coursework in energy policy and technology, regression analysis, simulation, optimization, and economic decision analysis.

I began my electric utility industry consulting career at Kennedy and Associates in 2013, performing data analysis and testimony support services through December 2018. In 2019, I began work at Accenture, where I supported the global regulated energy team. The team was located within Accenture's procurement practice and provided consulting services to large commercial and industrial clients in the management of their energy costs and energy-related initiatives pertaining to regulated utility tariffs, economic dispatch, planning, and market risk. I rejoined Kennedy and Associates in late 2021. I have filed testimony in Georgia, Kentucky,

Louisiana, Ohio, and South Carolina. A summary of my education, experience, and expert testimony appearances is included in Exhibit LJW-1

Q. Have you previously presented testimony before the Kentucky Public Service Commission?

A. Yes. I testified in Case No. 2024-00243 regarding Kentucky Power Company's ("KPCo" or "Company") proposed Renewable Energy Purchase Agreement and in Case No. 2025-00045 regarding Kentucky Utilities/Louisville Gas & Electric's ("KU/LGE") requested new resources. I also provided support in Case Nos. 2025-00113 and 2025-00114 regarding the KU/LGE 2025 rate case.[1]

Q. On whose behalf are you testifying in this proceeding?

A. I am testifying on behalf of the Office of the Attorney General of the Commonwealth of Kentucky ("AG") and the Kentucky Industrial Utility Customers, Inc. ("KIUC").

Q. What is the purpose of your testimony?

A. I address the Company's proposed class cost of service methodology, which is based on a 12 coincident peak production and transmission cost allocation method. As I will discuss, based on my review of the Company's cost study, I do not object to the proposed methodology. I address the Company's proposal to set the residential rate

[1] Adopted Direct Testimony of Stephen J. Baron, filed August 29, 2025.

class increase at a level that KPCo believes is necessary to provide mitigation for its residential customers. The AG/KIUC do not object to the proposal and the resulting allocation of the overall revenue increase to rate classes.

The second issue I address concerns KPCo's proposal to implement a tiered residential rate that creates a large differential between the rates paid by residential customers who use 2,000 kWh per month or less, versus customers whose monthly usage exceeds 2,000 kWh per month. As I will discuss, while the Company has offered a number of reasons for its somewhat unique residential rate design proposal, it has a number of problems. Among them is the fact that if a customer increases its usage from 2,000 to 2,001 kWh (i.e., 1 kWh), the customer's bill will increase by approximately $14. Additionally, I provide general comments on the overall impact that seasonal usage has on costs and the Company's request to mitigate these impacts. I also address the Company's requested changes to special charges. The Company has proposed modifications to special charges, such as reconnection/disconnection charges. These charges are different for customers with and without AMI meters.

The third issue that I address concerns the Company's design of the Industrial General Service ("IGS") large industrial rate. Specifically, I address the reasonableness of the proposed energy and demand charge rate increases. Based on my evaluation of the underlying variable costs to serve rate IGS customers, the proposed increase to the IGS energy charge is excessive. I will propose a revenue-

neutral revision to the IGS rate design that shifts more of the costs to the demand charge of the rate.

The fourth and final issue that I address concerns the Company's requested Generation Rider. Though Mr. Kollen provides a detailed recommendation in support of the rider generally and a review of the accounting and ratemaking issues, I discuss my review of the allocation methodology proposed.

Q. Would you summarize your conclusions and recommendations?

A. Yes. I recommend and conclude the following:

- **The Company's proposed class cost of service methodology, which is based on a 12 coincident peak production and transmission cost allocation methodology, is reasonable. I do not oppose the Company's proposal to cap the percentage increase of any rate class at 15%, including the increase associated with its requested Generation Rider.**

- **To the extent that the Commission authorizes a revenue increase that is lower than the Company's requested increase, I recommend the reduction be applied to the proposed increases for all rate classes on a uniform percentage basis, with particular care to reduce subsidies paid for by IGS customers.**

- **I do not oppose the Company's recommendation for a tiered rate design; however, the tiered rate design results in a significant impact for the customers between 2,000 and 2,001 kWh per month. The Company could consider additional tiers to mitigate the significant impact related to the discrete threshold usage level. Additionally, the Company could consider implementing an auto-enrollment policy to help customers with high winter bills transition to budget or flex-pay billing options.**

- **I do not oppose the Company's proposal for changes to special charges, such as the costs for disconnection/reconnection, meter read, and returned check charges, towards cost of service. I note that these charges are different for customers with and without AMI meters, and with the rollout of AMI, a gradual change to special charges may be warranted.**

- **The Company's proposed rate design for IGS should be revised. The actual variable production is less than the Company's proposed charges. I recommend the energy charges for rate IGS be set at an adjusted calculation of unit variable energy cost.**

- **The Company's Generation Cost Rider appears to utilize a generation energy for derivation of the allocation factor, but a billing energy for setting the rate for cost recovery. I recommend that the Company's methodology be revised to reflect a consistent energy assumption.**

II. CLASS COST OF SERVICE AND REVENUE APPORTIONMENT

Q. Have you reviewed the class cost of service study presented by KPCo witness Nicole Coon?

A. Yes. The Company has developed a class cost of service study for the test year ending May 31, 2025, using a traditional 12 coincident peak methodology ("12 CP") to allocate production and transmission costs to rate classes. The Company's 12 CP study follows the methodology that KPCo has used for many years. I note that the Company's use of zero-intercept methodology is generally consistent with the zero-intercept methodology used in the 2023 Rate Case and the methodology employed by KU/LGE in its recent rate cases. My review of the filed study indicates that it is a reasonable basis on which to assign system costs to rate classes.

Q. What are the results of the Company's class cost of service study?

A. Table 1, below, summarizes the rates of return, relative rates of return, and the dollar subsidies paid and received by each rate class at present rates and proposed rates. A positive subsidy value indicates the rate class is receiving a subsidy from other rate classes; a negative subsidy value indicates that the rate class is paying a subsidy.

Table 1: Class Cost of Service Summary [2]

Class	Current Revenue	Present ROR	Present Subsidies	Proposed Increase	Percent Increase	Proposed Subsidies
Residential	270,140,939	2.05%	36,332,555	33,202,037	12.29%	46,439,013
General Service	95,580,647	8.66%	(14,910,392)	12,104,626	12.66%	(16,051,069)
Large General Service	61,171,245	14.52%	(17,368,923)	7,763,997	12.69%	(19,890,329)
Industrial General Service	159,168,054	4.52%	251,554	20,859,053	13.11%	(6,142,393)
Municipal Waterworks	221,665	16.36%	(66,847)	27,823	12.55%	(77,635)
Outdoor Lighting	8,705,501	14.08%	(3,463,731)	1,093,811	12.56%	(3,463,731)
Street Lighting	1,781,053	17.58%	(774,216)	218,342	12.26%	(813,857)
Total KPCO	596,769,104	**4.57%**	0	75,269,688	12.61%	0

As can be seen from Table 1, the residential rate class rate of return is below the retail average, as it has been in KPCo rate cases over many years. In this case, the Industrial General Service rate class ("IGS") is producing a rate of return very close to the system average.

Q. How has the Company employed the results of its class cost of service study to determine the apportionment of its requested $75.27 million revenue increase to rate classes?

[2] Direct Testimony of Nicole Coon, Figure NMC-2, Figure NMC-2, and Exhibit NMC-2

A. While the methodology that the Company uses to develop its recommended rate class increases begins with the determination of increases based on full cost of service, (equal rate of return for each rate class), KPCo is recommending significant mitigation in this case based on its assessment of the economic environment of its service area, particularly focusing on its residential customers. In this case, based on the testimony of KPCo witness Wolffram, the Company has determined that its prior approach of maintaining existing subsidies in proposed rates would result in an unreasonable increase to the residential class.[3] As such, the Company is proposing to cap the percentage increase on any rate class at 15%, including the increase associated with its requested Generation Rider. Table 2, below, summarizes the proposed increases at an equal rate of return and the mitigation adjustments for each rate class that is required to maintain the 15% increase cap.

Table 2: Class Cost of Service Summary [4]

Class	Equal ROR Increase[5]	Present Subsidy Mitigation	Additional Mitigation Proposal	Proposed Rate Increase	Proposed Subsidies
Residential	$79,641,050	(36,332,555)	(10,106,458)	$33,202,037	46,439,013
General Service	($3,946,443)	14,910,392	1,140,677	$12,104,626	(16,051,069)
Large General Service	($12,126,332)	17,368,923	2,521,406	$7,763,997	(19,890,329)
Industrial General Service	$14,716,660	(251,554)	6,393,947	$20,859,053	(6,142,393)
Municipal Waterworks	($49,812)	66,847	10,788	$27,823	(77,635)
Outdoor Lighting	($2,369,920)	3,463,731	-	$1,093,811	(3,463,731)
Street Lighting	($595,515)	774,216	39,641	$218,342	(813,857)
Total KPCo	**$75,269,688**	**0**	**0**	**$75,269,688**	**0**

[3] Direct Testimony of Tanner S Wolffram, p. 5 - 7
[4] Direct Testimony of Nicole Coon, Exhibit NMC-2 and response to SVWA-1-12
[5] Total Retail ROR, 7.57%

Q. Do you object to the Company's revenue apportionment?

A. No, I do not object to the Company's proposal, and I acknowledge the Company's intention to mitigate rate impacts across the various rate classes. However, if the Commission reduces the Company's overall revenue increase, it could address the additional mitigation proposal subsidies, which impact the IGS class and shift industrial rates farther from cost of service.

Q. Why is it appropriate, from a regulatory policy perspective, to focus the subsidy reductions on large industrial rate classes like IGS?

A. There are a number of reasons to focus on the subsidies paid by large industrial customers. Electric rates are a significant factor in the competitiveness of manufacturers that must compete regionally, nationally, and internationally. It is important to recognize the impact of increasing electric rates on the ability of large manufacturing customers to continue to operate and to attract new, higher-paying manufacturing businesses. Manufacturing industries play a pivotal role in driving economic growth, job creation, productivity, and regional development. Manufacturing acts as an "engine of growth" by generating externalities, fostering innovation, and creating multiplier effects that bring new dollars into local economies through exports and supply chain linkages. Unlike commercial or service sectors, which often recirculate local funds, manufacturing tends to attract external revenue, support higher-wage jobs, and spill over benefits to adjacent industries.

Q. Does Kentucky have a more energy-intensive economy than the U.S. in general and competitor states due to its large manufacturing base?

A. Yes. According to the 2025 Kentucky Annual Economic Report prepared by the U.K Gatton College of Business and Economics, Kentucky has a much more energy-intensive economy than the U.S. in general and competitor states.[6] The report asserts that Kentucky's economy is more sensitive to energy prices and that, "as prices have increased, so too have the worries that Kentucky is losing its comparative advantage in low-cost utility rates."[7]

Q. Are the results of a class cost of service study the only factor that the Commission should consider in setting rates for a particular rate class?

A. No. While it is an important factor, it is not the only factor. First, there can be legitimate disagreements on the appropriate methodology that should be used to allocate costs to rate classes, and it's common for different utilities to consider different allocation methodologies, and each could be considered reasonable. Moreover, such factors as gradualism, economic impact and hardship, rate shock, the impact on competitiveness of industry, and other policy considerations should also be considered by the Commission.

[6] Kentucky Annual Economic Report 2025 p. 158.
[7] *Ibid.*

Q. What is your specific recommendation to address the rate class subsidies paid by the Company's large industrial and manufacturing customers?

A. As shown in Table 2 above, the Company's proposed revenue increases result in a subsidy paid by IGS customers in the amount of $6,142,393. This reflects an additional subsidy and a movement away from the cost-of-service-based rates at current levels. Though it would be reasonable to address this introduced new subsidy, I recommend that any revenue reduction be applied to all classes. I recommend any Commission-authorized revenue requirement reduction from the level of the Company's filed requested increase be applied on a uniform basis to each rate class's proposed increase. Table 3 below illustrates this recommendation.

Table 3: Illustration of Reduced Revenue Increase
Based on an Assumed Commission Revenue Requirement Reduction of $20 million

Class	Company Proposed Increase	Company Percent Increase	Proposed Increase after $20M Reduction	Precent Increase after $20M reduction
Residential	$33,202,037	12.29%	$24,379,884	9.0%
General Service	$12,104,626	12.66%	$8,888,291	9.3%
Large General Service	$7,763,997	12.69%	$5,701,016	9.3%
Industrial General Service	$20,859,053	13.11%	$15,316,569	9.6%
Municipal Waterworks	$27,823	12.55%	$20,430	9.2%
Outdoor Lighting	$1,093,811	12.56%	$803,173	9.2%
Street Lighting	$218,342	12.26%	$160,326	9.0%
Total KPCo	$75,269,688	12.61%	$55,269,689	9.3%

III. RATE DESIGN ISSUES

Q. Have you reviewed the Company's rate design proposals in this case?

A. Yes, with regard to the residential rate class, tiered rate design, and the Industrial General Service ("IGS") rate design. I will address both of these rates below.

Residential Rate Design and Special Charges

Q. Please summarize your understanding of the Company's proposed residential rate design changes.

A. KPCo is proposing a substantial change in the design of the residential rate by incorporating a tiered customer charge and a tiered commodity-based charge.

Q. What is your understanding of the Company's proposal?

A. The Company is proposing an increase in the customer charge from the current $20/month to a two-tier customer charge, where customers using less than 2,000 kWh in the month are assessed a charge of $26 per month, and customers using more than 2,001 kWh a month are assessed a charge of $40. This is a $14 increase for one incremental kWh. Additionally, the Company has introduced a tiered energy charge where the first 600 kWh (Block 1) in a month are set to a proposed rate of $0.1575/kWh and the tier above 600 kWh set to a rate of $0.12606 / kWh.

The declining energy rate is intended to balance the higher customer charge and mitigate bill volatility for customers above 2,000 kWh per month.[8] The following table is an excerpt from the Company's provided workpapers and shows the typical bill and % change between current and proposed rates, with the 2,000 kWh and 2,001 kWh levels emphasized in gray shading.

Table 4: Residential Typical Bill [9]

Metered Energy	Current Bill	Proposed Bill	Bill Increase	% Change
100	$ 38.50	$ 49.02	$ 10.52	27.3%
200	$ 54.35	$ 68.75	$ 14.40	26.5%
300	$ 70.21	$ 88.47	$ 18.26	26.0%
400	$ 86.06	$ 108.18	$ 22.13	25.7%
500	$ 101.91	$ 127.91	$ 26.00	25.5%
600	$ 117.77	$ 147.63	$ 29.86	25.4%
700	$ 133.62	$ 163.87	$ 30.25	22.6%
800	$ 149.47	$ 180.09	$ 30.62	20.5%
900	$ 165.32	$ 196.32	$ 31.00	18.7%
1,000	$ 181.18	$ 212.56	$ 31.38	17.3%
1,100	$ 197.03	$ 228.78	$ 31.75	16.1%
1,210	$ 214.47	$ 246.64	$ 32.17	15.0%
1,300	$ 228.74	$ 261.25	$ 32.52	14.2%
1,400	$ 244.59	$ 277.47	$ 32.88	13.4%
1,500	$ 260.44	$ 293.71	$ 33.27	12.8%
1,600	$ 276.30	$ 309.93	$ 33.64	12.2%
1,700	$ 292.15	$ 326.16	$ 34.02	11.6%
1,800	$ 307.99	$ 342.40	$ 34.41	11.2%
1,900	$ 323.85	$ 358.62	$ 34.77	10.7%
2,000	$ 339.70	$ 374.85	$ 35.16	10.4%
2,001	$ 339.86	$ 390.56	$ 50.70	14.9%
2,500	$ 418.97	$ 471.55	$ 52.58	12.5%
3,000	$ 498.23	$ 552.70	$ 54.48	10.9%
3,500	$ 577.49	$ 633.86	$ 56.37	9.8%
4,000	$ 656.76	$ 715.02	$ 58.26	8.9%
4,500	$ 736.02	$ 796.17	$ 60.15	8.2%
5,000	$ 815.29	$ 877.32	$ 62.04	7.6%

[8] AG/KIUC 1-10
[9] KPCO_R_KPSC_1_55_Attachment29_SpaethWP9.xlsx, cells: K3:S31

Notably, the customers with usage between 1,210 and 2,000 kWh a month receive increases of less than 15% and then the impact jumps to 15% at 2,001 kWh and declines from there.

Q. Do you have any concerns with the residential rate design proposal?

A. As shown above, there is a large jump in the typical bill between 2,000 and 2,001 kWh. Though the Company indicates this impact of the increasing basic service charge may incentivize customers to reduce usage below 2,000 kWh per month,[10] it may not be practicable. Customer usage fluctuates seasonally throughout the year, and usage in one month may or may not incentivize usage changes in subsequent months. The following table describes the frequency of bills above and below the 2,000 kWh threshold showing the relative level of bills under and over 2,000 kWh in a month is not consistent. A single customer may not change its usage intentionally, but still cross over and under 2,000 kWh threshold month over month.

[10] Company response to AG/KIUC 1-95 and Direct Testimony of Witness Spaeth, p. 20, l. 5-10

Table 5: Residential Bill Frequency Over/Under 2,000 kWh [11]

	Over 2,000	Under 2,000	Total Bills	% below 2,000	% above 2,000
Jan 24	51,056	78,492	129,548	60.6%	39.4%
Feb 24	42,618	86,945	129,563	67.1%	32.9%
Mar 24	20,230	109,335	129,565	84.4%	15.6%
Apr 24	9,035	120,283	129,318	93.0%	7.0%
May 24	3,825	125,389	129,214	97.0%	3.0%
Jun 24	8,416	120,713	129,129	93.5%	6.5%
Jul 24	21,131	108,274	129,405	83.7%	16.3%
Aug 24	18,490	110,752	129,242	85.7%	14.3%
Sep 24	11,501	117,806	129,307	91.1%	8.9%
Oct 24	5,066	124,155	129,221	96.1%	3.9%
Nov 24	3,804	125,413	129,217	97.1%	2.9%
Dec 24	32,126	97,306	129,432	75.2%	24.8%
Annual	**227,298**	**1,324,863**	**1,552,161**	**85.4%**	**14.6%**

The Company could consider alternative approaches that could be used, including the development of additional tiers for the service charge to mitigate the impact of the 2,000 kWh level. Witness Spaeth discusses the impact of the proposed design on existing intra-class subsidies, stating:

> the blocked customer charge builds an energy-conserving incentive into rate design, without inordinately punishing extremely high-usage customers who have limited options to significantly decrease their energy usage or extremely low-usage customers who have been beneficiaries of the intra-class subsidies.[12]

The Company appears to be addressing intra-class subsidies and determining a preferred subsidy allocation between high-usage and low-usage customers. The Company has addressed the inherent subsidies created through the recovery of

[11] Response to AG/KIUC 1-18 (c)
[12] Direct Testimony of Michael Spaeth, p. 20, l. 10

customer-related costs through the energy charge, but a more comprehensive evaluation for demand-related costs may be warranted.[13] I recommend that the Company provide additional analysis of the existing intra-class subsidies and how the proposal will address the existing construct, while providing some relief to high energy customers.

Q. Are there other possible remedies for high-energy burden households?

A. Possibly. The Company has existing payment optionality, including the Average Monthly Payment ("AMP") and budget plans, as well as a statutory requirement to offer payment arrangements for customers with a termination notice for failure to pay. The Company has also proposed a Flex Pay program, which considers payment flexibility for customers with AMI metering to make partial payments and initiate service without a deposit.[14] It may be appropriate to consider an automatic mechanism or modifications to eligibility that allows new customers to enroll in the budget billing or flex pay programs to help them pay for high usage months over time. For example, the Company states:

> To enroll in budget billing, an account must be current, with no arrears. The Company does not require that the customer have a tenure of 12 months; however, in such cases, the budget amount may be determined based on the usage patterns of a previous customer at the same premise or calculated from less than a full year of consumption.

[13] AG/KIUC 1-92

[14] Direct Testimony of Stevi Cobern, p. 5, line 6-9 "This flexibility removes barriers for new customers who would usually need to pay deposits to initiate electric service, and helps existing customers stay current on their payments. By removing this extra fee, overall account balances can decrease, which benefits all customers by potentially lowering bad debt."

> Additionally, budget is only available for enrollment during the months of April through December.[15]

The Company could consider allowing customers with arrears to enroll in the winter months.

Q. What is your recommendation on the tiered residential rate design change?

A. I recommend the Company provide additional support for the proposed design, addressing existing and new intra-class subsidy impacts. I do not necessarily oppose the Company's recommendation for a tiered rate design; however, the tiered rate design results in a significant impact for the customers between 2,000 and 2,001 kWh per month. Additionally, as one of the Company's goals for the new design is to provide some winter seasonal rate relief, it would be appropriate to consider an automatic mechanism or procedure to enroll customers into budget billing or flex pay programs to help them pay for high-usage months over time.

Q. Is the Company proposing any other changes to its charges that impact residential customers in this case?

A. Yes. KPCo is proposing to significantly increase its special charges for such activities as customer cutoffs, customer reconnection, and meter testing. Table 6 below summarizes the proposed changes, highlighting differences between customers with Advanced Metering Infrastructure (AMI) and those without.

[15] Company response to JI 1-87

Table 6: Proposed Special Charges [16]

Special Charge	Current Rate	Proposed Rate (Non-AMI)	Proposed Rate (AMI) [17]
Reconnect when double time is required [18]	$124.00	$178.75	$0
Reconnect prior to 8pm ("call out" required)	$95.00	$137.20	$0
Reconnect at the end of the day	$30.00	$137.20	$0
Reconnect during regular hours	$4.70	$54.11	$0
Termination or field trip	$4.70	$54.11	$0
Meter Read Check	$21.00	$54.11	$54.11
Meter Test Charge	$48.00	$74.88	$74.88
Returned Check Charge	$14.65	$6.60	$6.60

Q. Do you have any comments or concerns with the increases being proposed for these special charges?

A. I do not dispute that the cost for on-site disconnection, reconnection, and meter testing is reasonable or that the Company's proposal reflects the cost of service; however, the increases are very substantial. Additionally, the increases will be disproportionally applied to customers without AMI, despite the Company's plans for AMI roll-out over the next 4 years.

Q. What is your recommendation on the proposed increases in Special Charges?

[16] Witness Wolffram's Figure TSW-2,

[17] AG/KIUC 2-21 indicates, "Customers on the AMP plan will be subject to each of the special charges identified in Figure TSW-2 prior to an AMI meter being installed at their premises. Once an AMI meter is installed, a customer on AMP or FlexPay would not be charged a reconnect or disconnect fee as the Company has proposed to set those charge at $0 for customers with AMI meters. FlexPay and AMP customers will be subject to meter read check, returned check charge, meter test charge, and field trip fee if a trip to the premises is required."

[18] Sundays and holidays

A. The Company may want to consider gradually adopting the cost-of-service-based special charge rates if connection and disconnection costs will be assessed only by the customers without AMI, and such customers cannot influence the timing or availability of AMI at their service locations.[19]

IGS Rate Design

Q. Would you address the issue that you have identified with regard to Rate IGS?

A. Yes. The Company is proposing a percentage increase in the IGS energy charge that is almost identical to the overall IGS increase. Table 7 shows a comparison between the present and proposed rate components for IGS.

Table 7: KPCo IGS Proposed Rate Design (Transmission) [20]

	Current	KPCo Proposed	Increase
On-Peak Demand ($/kW)	$17.00	$19.16	12.7%
Off-peak Demand ($/kW)	$1.73	$1.96	13.3%
Energy ($/kWh)	$0.03695	$0.04216	14.1%
$/month	$1,353	$1,353	0%

I am concerned that the proposed energy charge includes a significant amount of non-fuel, non-purchased energy costs that are not variable costs. While I do not object to the Company's treatment of the non-fuel, non-energy related costs in the class cost of service study (i.e., that these costs are "energy related"), I do not believe that it is reasonable to include these costs in the IGS energy charge. Doing so sends a price

[19] AG/KIUC 2-22 and 2-23.
[20] KPCO_SR_KPSC_1_55_Attachment66_SpaethWP10.xlsx

signal to IGS customers that additional kWh energy usage, even in off-peak periods, causes KPCo to incur additional costs – in other words, that these non-fuel, non-purchased energy costs are variable costs that increase (or decrease) directly with a change in kWh usage.

Q. Have you identified the costs that the Company has classified as energy-related in the cost of service study but are not reasonably considered to be variable costs?

A. Yes. Company witness Spaeth's Exhibit MMS-1, at pages 19 to 22 shows the development of KPCo's proposed IGS rate. In Section 1 (page 19), Mr. Spaeth summarizes the functional demand, energy, and customer revenue targets based on the Company's class cost of service study, including the mitigation/subsidy adjustments that I discussed earlier in my testimony. Based on the Company's proposed overall revenue increase for Rate IGS, the target energy function revenue target that is used to set the energy charges is $93,612,783.[21] The following table shows a summarized composition of this $93,612,783 energy revenue target for Rate IGS, showing that only $81,953,439 should be considered variable.

[21] $94,471,159 after adjustment of approximately 858,376 for unbilled energy.

Table 8: IGS Functional Energy Decomposition

	IGS ENERGY		
	As Filed	**Exclusions**	**Adjusted**
Rate Base - Energy	39,384,207	39,384,207	-
% of Total Rate Base	10.9%		0.0%
Production O&M	115,404,468	(7,126,788)	108,277,679
Transmission O&M	70,249	(70,249)	-
A&G Expenses	2,109,279	(2,109,279)	-
O&M Adjustments	(20,427,041)	2,610,381	(17,816,660)
Adj Depr & Amortization	1,082,828	(1,082,828)	-
Adj Taxes OT Income	743,848	(743,848)	-
Adj Other Expenses	(49,743)	49,743	-
State Income Tax	(6,017)	6,017	-
Federal Income Tax	(87,652)	87,652	-
Total Expenses	98,840,218		90,461,020
Adj AFUDC Offset	(20,089)	20,089	-
Proposed Operating Income	3,485,275	(3,485,275)	-
Taxes on Increase	947,938	(947,938)	-
Gross Cost of Service	103,253,342		90,461,020
Less: Other Revenues	9,640,559	(1,132,978)	8,507,581
Net Cost of Service	93,612,783		81,953,439

Q. How does the Company justify the very large energy charge increases for Rate IGS?

A. The proposed rate design used by KPCo in this case follows its normal procedure that sets the energy charge based on the full functional cost of service revenue requirement, including any subsidies that have been proposed. This functional energy cost reflects 100% of the unit energy cost as measured in the class cost of service study, including maintenance, rate base and tax impacts, and other energy-related costs that are not truly variable. An actual variable cost would be consistent with the short-run variable cost of an incremental or decremental change in a customer's kWh usage.

Q. Are the proposed IGS energy charges reasonable?

A. No. There is a difference between long-term energy costs used to allocate costs among rate schedules (i.e., test year full functional energy-related costs), versus variable energy costs used for system dispatch. The Company's long-term unit cost of service studies assigns maintenance and other long-run energy-related capital costs to the IGS energy function that are not consistent with the Company's variable production costs, consistent with the costs recognized in dispatching.

Q. Are you objecting to the Company's functional and class cost of service study results that form the basis for the IGS unit energy costs?

A. No, not for class cost of service purposes. The Company has followed a traditional production cost classification approach in their cost of service study that classifies a portion of long-term rate base and production O&M maintenance expenses as energy-related, in addition to fuel expenses, purchased power energy costs, and certain production-related variable O&M expenses that are directly related to energy generation. The cost studies classify a portion of c rate base that is associated with energy-related expenses (primarily fuel) as energy-related. I don't disagree with this treatment in the class cost of service studies. However, I don't believe that it is appropriate or economically efficient to include these maintenance costs and rate base costs in the energy charges themselves. These are long-term energy-related costs, not variable energy costs. From an economic standpoint, customers should receive price

signals in their rates that better represent the variable costs of consuming an additional kWh. While over a longer-term period it could be argued that additional energy usage will lead to a higher level of maintenance and other rate-base items, large industrial customers on Rate IGS should make consumption decisions based on a price signal that reflects the variable costs that will be incurred to serve that additional energy usage.

Q. What is your recommendation?

A. I recommend the IGS energy rate be set to reflect only the variable costs, and the remaining proposed revenue be recovered through the demand charges.

Q. How did you maintain revenue neutrality in your adjusted rate design?

A. The purpose of my proposed adjustment is to produce an IGS rate energy charge that reasonably reflects the variable cost associated with customer changes in kWh usage, rather than changing the overall revenue produced by Rate IGS customers, I have added the reduction in energy charge revenue to the IGS on-peak demand charge revenue target. Doing so produces a revenue-neutral rate design (i.e., an IGS rate that produces the same revenue ($181,644,085) as shown in Section I of Mr. Spaeth's Exhibit MMS-1 at page 19. This means that no other rate class is impacted by my proposed Rate IGS rate design change. Table 9, below, shows the revised IGS rate design. Also shown is a comparison to the Company's proposed rates.

Table 9: AG/KIUC Proposed IGS Rate (Transmission)

	Current	KPCo Proposed	AG/KIUC Proposed
On-Peak Demand ($/kW)	$17.00	$19.16	$22.07
Off-peak Demand ($/kW)	$1.73	$1.96	$1.96
Energy ($/kWh)	$.03695	$0.04216	$0.03700
$/month	$1,353	$1,353	$1,353

Q. Would your Rate IGS rate design proposal have any impact on any other KPCo rate class?

A. No. This rate design change would only affect Rate IGS. It would not impact any other rate class.

Q. To the extent that the Commission reduces the revenue increase request by KPCo to Rate IGS, do you recommend that the revenue adjustment be applied on a uniform percentage basis to both the energy and demand charges that you are recommending in Table 9?

A. Yes. Assuming that the Commission reduces the Company's overall revenue increases in these cases, the reductions for Rate IGS should be applied uniformly to the adjusted energy and demand charges.

<u>Generation Rider</u>

Q. Have you reviewed the Company's proposed Generation Rider allocation methodology?

A. Yes. I reviewed TSW-2 and supporting workpapers and the Company's allocation is based on a "Test Year CP / kWh" allocator, that is derived as the ratio of test year average 12 coincident peak to "metered" kWh. [22] This computation appears to take the energy requirements projection to derive a peak demand allocator. In other words, it allows the energy to drive changes in allocators, but the allocator to be a proxy for a demand-based allocation (12 CP).

Q. Do you have any concerns?

A. Yes. It appears the Company's derived allocators used a "metered" energy at generation (or Transmission Energy of approximately 5,721,281,490 kWh)[23] and applies that to the customer billed energy (5,310,719,340 kWh, as shown in TSW-2).[24] This creates a mismatch between the derivation of the allocator and the application of the allocator. I recommend the Company address this discrepancy in rebuttal, and provide a demonstrative exhibit with the cost allocation factors that would result in the same allocations that a 12 CP demand allocation approach would.

Q. Does that complete your testimony?

A. Yes.

[22] PSC 2-28 and JI 2-6
[23] JI 2-6 Attachment 1
[24] AG/KIUC 1-94, "CPDEM 2024.xlsm"

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

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 Certain Regulatory And Accounting Treatments; and (4) All Other Required Approvals And Relief	**)**	**Case No. 2025-00257**

EXHIBITS

OF

LEAH J. WELLBORN

ON BEHALF OF

THE KENTUCKY ATTORNEY GENERAL

AND

THE KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA

November 17, 2025

RESUME OF LEAH JUSTIN WELLBORN, DIRECTOR OF CONSULTING

EDUCATION

M.S. Operations Research, Georgia Institute of Technology, 2017
B.S. Mathematics, Georgia Southern University, 2012

PROFESSIONAL AFFILIATIONS

Women's Energy Network, Greater Atlanta Chapter – Board Member (2019 – 2023)
Women's Energy Network, Greater Atlanta Chapter – Member (2016 – Present)

EXPERIENCE

Ms. Wellborn has been working in regulated energy markets since early 2013. She has an undergraduate degree in mathematics and graduate degree in operations research. She started her career working at J. Kennedy and Associates, Inc., and sub-contracting to Hayet Power Systems Consulting. For these companies, she provided critical support in the areas of production cost modeling and data analysis through 2018. Ms. Wellborn then spent nearly 3 years at Accenture, supporting its global regulated energy team within the procurement practice, helping large commercial and industrial clients manage their energy spend and energy related initiatives, as they related to regulated utility tariffs, economic dispatch, planning, and market risk (energy efficiency, green tariffs, PPA/VPPA, etc.). Ms. Wellborn rejoined J. Kennedy and Associates in late 2021 and currently provides analytical support to clients in the areas of utility resource planning and market modeling.

2021 to Present: **J. Kennedy and Associates, Inc.**
Director, Consulting (July 2025 – Present)
Manager, Consulting (October 2021 – June 2025)

Performs analysis and prepares expert witness testimony on utility planning studies and economic evaluations in review of electric utility regulatory filings. Clients include State Public Service Commissions, Industrial Users Groups, and Consumer Advocacy Groups.

2019 to 2021: **Accenture, LLP**
Associate Manager, Global Team, Regulated (March 2021 - October 2021)
Sourcing Specialist, International Teams Lead (March 2020 - March 2021)
Senior Analyst, Regulated Energy Procurement (January 2019 - March 2020)

As a part of Accenture Operations' Energy Management and Procurement practice, the Regulated Energy team helps clients identify opportunities for electricity and natural gas cost savings through data analysis and deep industry experience. Clients include large industrial and commercial end-use customers with locations spread across multiple geographies and utility service territories.

• Conducts tariff optimization analysis and ad hoc economic decision analysis for clients with operations and energy spend in areas served by regulated electricity and natural gas distribution utilities.
• Leads cross functional international delivery team of 10, providing career counseling and project oversight. Supports international energy procurement functions as they relate to regulated utilities/energy markets of Australia, Southeast Asia, and Latin America.
• Manages project assessments and economic studies as they relate to resource planning or capacity/energy market risk and dispatch pricing (renewables, time-of-use tariffs, real-time-pricing/avoided cost, PPA, VPPA, etc.)
• Collaborates with all energy management work streams - including utility bill management, renewable energy procurement, deregulated markets competitive sourcing, market intelligence, and project management/technology development initiatives to manage customer spend end to end.

2013 to 2019: **J. Kennedy and Associates, Inc.**
Senior Consultant (January 2016 – January 2019)
Consultant (March 2013 – December 2015)

Responsible for conducting research, performing data analysis, developing production-cost model input assumptions and running production-cost studies, analyzing model output, and conducting related economic studies.

CERTIFICATIONS

Energy Exemplar – Aurora Core Certification Course (March 2022)
Energy Exemplar – PLEXOS Power Core Certification Course (June 2023)

CLIENTS SERVED

Georgia Public Service Commission Staff
Kentucky Industrial Utility Customers, Inc.
Kentucky Office of the Attorney General
Louisiana Public Service Commission Staff
Ohio Energy Group
South Carolina Office of Regulatory Staff
Utah Office of Consumer Services
West Virginia Energy Users Group
Wisconsin Industrial Energy Group

RESUME OF LEAH JUSTIN WELLBORN, DIRECTOR OF CONSULTING

TESTIMONY AND EXPERT WITNESS APPEARANCES

Date	Case	Jurisdict	Party	Utility	Subject
06/18	29849	GA	Georgia Public Service Commission Staff	Georgia Power	Eighteenth Semi-Annual Vogtle Construction Monitoring Report
11/18	29849	GA	Georgia Public Service Commission Staff	Georgia Power	Nineteenth Semi-Annual Vogtle Construction Monitoring Report
5/22	44160	GA	Georgia Public Service Commission Staff	Georgia Power	2022 Integrated Resource Plan (Supply Side Resource Plan, Aurora)
10/22	44280	GA	Georgia Public Service Commission Staff	Georgia Power	2022 Rate Case (Revenue Forecast)
8/23	2023-9-E	SC	South Carolina Office of Regulatory Staff	Dominion Energy South Carolina, Inc.	2023 Integrated Resource Plan
12/23	2023-154-E	SC	South Carolina Office of Regulatory Staff	South Carolina Public Service Authority (Santee Cooper)	2023 Integrated Resource Plan
12/23	U-36974	LA	Louisiana Public Service Commission Staff	1803 Electric Cooperative, Inc.	Certification of a Capacity Purchase Agreement
2/24	55378	GA	Georgia Public Service Commission Staff	Georgia Power	2023 Integrated Resource Plan Update (Supply Side Resource Plan, Aurora)
7/24	2023-8-E	SC	South Carolina Office of Regulatory Staff	Duke Energy Progress, LLC	2023 Integrated Resource Plan
7/24	2023-10-E	SC	South Carolina Office of Regulatory Staff	Duke Energy Carolinas, LLC	2023 Integrated Resource Plan
8/24	24-0508-EL-ATA	OH	Ohio Energy Group	Ohio Power Company	Application of Ohio Power Company for New Tariffs Related to Data Centers and Mobile Data Centers

RESUME OF LEAH JUSTIN WELLBORN, DIRECTOR OF CONSULTING

Date	Case	Jurisdict	Party	Utility	Subject
11/24	2024-00243	KY	Office of the Attorney General & Kentucky Industrial Utility Customers	Kentucky Power Company	Renewable Energy Purchase Agreement
12/24	24-0611-E-T-PW	WV	West Virginia Energy Users Group	Appalachian Power Co. / Wheeling Power Co.	Application for Approval of Revisions to Schedules LCP and IP (Data Centers)
5/25	56002	GA	Georgia Public Service Commission Staff	Georgia Power	2025 Integrated Resource Plan (Supply Side Resource Plan, Aurora)
6/25	2025-00045	KY	Office of the Attorney General & Kentucky Industrial Utility Customers	Kentucky Utilities Co. / Louisville Gas & Electric Co.	Application for Certificates of Public Convenience and Necessity and Site Compatibility Certificates
11/25	56298 & 56310	GA	Georgia Public Service Commission Staff	Georgia Power	Application for the Certification of Capacity from the 2029-2031 All-Source RFP and Capacity Supplemental Resources.
11/25	2025-00113 2025-00114	KY	Office of the Attorney General & Kentucky Industrial Utility Customers	Kentucky Utilities Co. / Louisville Gas & Electric Co.	2025 Rate Case (Adopted Testimony of Stephen J. Baron filed August 29, 2025)

REPORTS AND INDUSTRY PUBLICATIONS

Date	Title	Author(s)
8/23	Review of EPA's Section 111 May 23, 2023 Proposed Rule for the State of South Carolina	J. Kennedy and Associates, Inc. (On behalf of the South Carolina Office of Regulatory Staff)
7/24	Review of Dominion Energy South Carolina, Inc.'s 2024 Integrated Resource Plan Update Docket No. 2024-9-E	South Carolina Office of Regulatory Staff and J. Kennedy and Associates, Inc.

RESUME OF LEAH JUSTIN WELLBORN, DIRECTOR OF CONSULTING

Date	Title	Author(s)
1/25	Review of Santee Cooper's 2024 Integrated Resource Plan Update Docket No. 2024-18-E	South Carolina Office of Regulatory Staff and J. Kennedy and Associates, Inc.
7/25	Review of Dominion Energy South Carolina, Inc.'s 2025 Integrated Resource Plan Update Docket No. 2025-9-E	South Carolina Office of Regulatory Staff and J. Kennedy and Associates, Inc.

OTHER EXPERIENCE

Dates	Case	Jurisdict	Party	Utility	Subject
1/24	R-31106	LA	Louisiana Public Service Commission Staff	Various	Approval of Phase II Energy Efficiency Rule and Implementation of Statewide Program (Transition)
3/25	2024-00326	KY	Kentucky Industrial Utility Customers	KU/ LG&E	2024 Joint Integrated Resource Plan (Comments)

AFFIDAVIT

STATE OF GEORGIA)

COUNTY OF FULTON)

LEAH J. WELLBORN, being duly sworn, deposes and states: that the attached is her sworn testimony and that the statements contained are true and correct to the best of her knowledge, information and belief.

Leah J. Wellborn

Sworn to and subscribed before me on this
17th day of November 2025.

Notary Public

Jessica K Inman
NOTARY PUBLIC
Cherokee County, GEORGIA
My Commission Expires 07/31/2027