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 REGULATORY ASSETS AND LIABILITIES; (4) APPROVAL OF A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY; AND (5) ALL OTHER REQUIRED APPROVALS AND RELIEF	))))))))))	CASE NO. 2020-00174

O R D E R

On February 2, 2021, Kentucky Power Company (Kentucky Power) filed a motion for rehearing, pursuant to KRS 278.400, requesting rehearing of the Commission's January 13, 2021 Order that, among other things, approved a $52,419,332 increase in base rates, which was less than the $70,096,743 increase requested by Kentucky Power.

The Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention (Attorney General) and Kentucky Industrial Utility Customers, Inc. (KIUC) (jointly, Attorney General/KIUC); Kentucky Solar Industries Association, Inc. (KYSEIA); Walmart, Inc. (Walmart); and Mountain Association, Kentucky Solar Energy Society, and Kentuckians for the Commonwealth (collectively, Joint Intervenors) filed their respective responses to Kentucky Power's motion for rehearing. Kentucky Power filed a reply to each response. No other parties filed a response to Kentucky Power's motion for rehearing.

KENTUCKY POWER'S MOTION FOR REHEARING

Adjustment to Cash Working Capital (CWC)

In the January 13, 2021 Order, after finding rate base rather than capitalization should be used for determining Kentucky Power's revenue requirement in this proceeding, the Commission reduced CWC to $0, in part because of the absence of a lead-lag study, which resulted in a $1,660,444 reduction to Kentucky Power's revenue requirement. In its request for rehearing, Kentucky Power asserts that the adjustment is unlawful and unreasonable and that the Commission made an erroneous finding of fact.

Kentucky Power asserts that the Commission's decision is unlawful because it violated Kentucky Power's due process rights and was arbitrary. Kentucky Power argues that it did not have prior notice that the Commission would require Kentucky Power to use rate base methodology rather than capitalization, which is the methodology that Kentucky Power used for determining its revenue requirement. Kentucky Power further argues that it did not have prior notice that the Commission would require Kentucky Power to conduct a lead-lag study, which Kentucky Power argues was imposed after the fact and is not a methodology required by the Commission for calculating CWC.

Kentucky Power also claims that its due process was violated because the Commission did not provide prior notice that the Commission would deviate from precedent that accepted Kentucky Power's use of capitalization, and failed to provide a reasoned analysis for the deviation from precedent.

Kentucky Power asserts that the Order is unreasonable because, according to Kentucky Power, the Commission reduced CWC to $0 without removing accounts receivable financing from Kentucky Power's capital structure, and thus double counted accounts receivable financing. Kentucky Power contends that the double counting of accounts receivable adversely impacted Kentucky Power's weighted average cost of capital (WACC) by an estimated 12 basis points.

Finally, Kentucky Power argues that the Commission made an erroneous finding that Kentucky Power was unwilling or refused to perform a lead-lag study, which is not based on the evidentiary record. Kentucky Power states that the Commission did not require Kentucky Power to file a lead-lag study prior to filing this rate case. Kentucky Power further states that it could not have timely conducted and filed a lead-lag study during the processing of this case because the issue was not raised until September 2020 and, given the amount of time necessary to conduct the study, it could not be filed until after post-hearing briefs were due.

Kentucky Power requests that the Commission grant rehearing to restore CWC to rate base which would increase the revenue requirement by $1,660,444, or, in the alternative, remove accounts receivable financing from the capital structure, which would increase the revenue requirement by $2,133,481.

Adjustment to Operating Income: Rate Case Expense

In the January 13, 2021 Order, the Commission disallowed $51,117 in rate case expense for witness coaching provided by Communication Counsel of America (CCA). Kentucky Power asserts that the Commission's determination was unreasonable because the Commission failed to provide a reasoned analysis for its change of position from a decision in Case No. 2017-00179[1] that found a rate case expense for witness coaching by CCA was reasonable.

Kentucky Power argues that the Commission erred in finding that the expense was likely duplicative because the finding was not supported by evidence of record, and because the witness coaching was conducted without outside counsel's involvement or presence.

Kentucky Power requests that the Commission grant rehearing, and either find that the $51,117 in rate case expense was reasonable and should be allowed, or provide Kentucky Power with the opportunity to present evidence on the reasonableness of the CCA rate case expense.

Adjustment of Operating Income: Incentive Compensation Expense

In the January 13, 2021 Order, the Commission adjusted Kentucky Power's incentive compensation expense in the amount of $5,665,765 to remove expenses based on financial objectives in funding and performance metrics. Kentucky Power asserts that the adjustment is unreasonable because the Commission failed to provide a reasoned analysis for disallowing certain incentive compensation expenses that were allowed as reasonable in past rate cases. Kentucky Power cites two past cases[2] in which the

[1] Case No. 2017-00179, *Electronic Application of Kentucky Power Company for (1) a General Adjustment of Its Rates for Electric Service; (2) an Order Approving Its 2017 Environmental Compliance Plan; (3) an Order Approving Its Tariffs and Riders; (4) an Order Approving Accounting Practices to Establish Regulatory Assets and Liabilities; and (5) an Order Granting All Other Required Approvals and Relief* (Ky. PSC Jan. 18, 2018), Order (Jan. 18, 2018 Order) at 20–21.

[2] Case No. 2018-00358, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates* (Ky. PSC June 27, 2019), Order at 43–44; and Case No. 2014-00396, *Application of Kentucky Power Company for: (1) a General Adjustment of Its Rates for Electric Service; (2) an Order Approving Its 2014 Environmental Compliance Plan; (3) an Order Approving Its Tariffs and Riders; and (4) an Order Granting All Other Required Approvals and Relief* (Ky. PSC June 22, 2015), Order at 25–26.

Commission rejected arguments to disallow incentive compensation expenses based on financial objectives in the funding metrics. Additionally, Kentucky Power distinguishes the facts of this case from Case No. 2019-00271,[3] in which the Commission disallowed incentive compensation expenses based upon financial objectives in the funding metrics, arguing that Kentucky Power provided evidence of direct benefits to customers, while the Commission found in Case No. 2019-00271 that the utility did not provide such evidence.

Kentucky Power requests the Commission grant rehearing and amend the Order to allow recovery of $5,665,765 in incentive compensation expense.

Adjustment of Operating Income: Savings Plan Expense

In the January 13, 2021 Order, the Commission reduced jurisdictional 401(k) savings plan expense by $1,684,045 to removed duplicative benefits between the 401(k) savings plan and cash balance formula plan. Kentucky Power asserts that the Commission erred in finding the savings plan expense was not supported by substantial evidence because the record contains sufficient evidence to support that the expense is reasonable. Kentucky Power further asserts that it carried its burden of proof because no evidence was presented to refute the reasonableness of the expense.

Kentucky Power argues that the totality of the savings plan expense was deemed reasonable in Case No. 2017-00179,[4] and that the Commission failed to provide reasoned analysis for decision that is inconsistent with that precedent.

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[3] 2017-00321, *Electronic Application of Duke Energy Kentucky, Inc. for 1) an Adjustment of the Electric Rates; 2) Approval of New Tariffs; 3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; and 4) All Other Required Approvals and Relief* (Ky. PSC May 23, 2018), Order at 5–6.

[4] Case No. 2017-00179, Jan. 18, 2018 Order at 15.

Kentucky Power requests rehearing to amend the January 13, 2021 Order to allow recovery of $1,684,045 in savings plan expense.

Adjustment of Operating Expense: Rockport Unit Power Agreement (UPA) Expenses

In the January 13, 2021 Order, the Commission disallowed Kentucky Power's proposed adjustment to increase test-year purchased power expense to reflect an increase in the operating ratio including in the Rockport UPA cost calculation. Kentucky Power asserts the case record contains insufficient evidence to support the Commission's adjustment. Kentucky Power further asserts that the adjustment is unlawful because it denies Kentucky Power the ability to recover Federal Energy Regulatory Commission (FERC) approved costs, thus federal law controls Kentucky Power's right to recover these expenses.

Kentucky Power requests rehearing to allow $935,553 for Rockport UPA Operating Ratio base rates expense and $770,311 for Rockport UPA Operating Ratio Environmental Surcharge basing point expense.

Adjustment of Operating Income: Miscellaneous Expense

In the January 13, 2021 Order, the Commission adjusted Kentucky Power's miscellaneous expense in the amount of $545,012 to disallow expenses that were not supported by sufficient evidence. Kentucky Power argues that the Commission erred in stating that Kentucky Power was unable or unwilling to demonstrate that recovery of miscellaneous expenses was reasonable, asserting that Kentucky Power not only complied with the Commission's requests for additional details regarding the expenses, but provided the exact information the Commission requested.

Kentucky Power requests rehearing to either find the $545,012 for miscellaneous expense is reasonable or to allow Kentucky Power to submit further evidence showing the reasonableness of the expense.

Tariff Environmental Surcharge (ES) Return on Equity (ROE)

In the January 13, 2021 Order, the Commission found that Kentucky Power should use an ROE of 9.10 percent for all Tariff ES filings "after the date of this Order."[5] Kentucky Power asserts that the finding is unlawful and violates KRS 278.160(2) due to timing of recovery of costs. Kentucky Power explains that the January 13, 2021 Order requires Kentucky Power to use 9.10 percent ROE for its January 2021 Tariff ES filing for service rendered through December 2020 because it is filed "after the date of this Order."

Kentucky Power maintains that the Commission also erred in including Mitchell Non-FGD in Tariff ES rate base. Kentucky Power asserts that Mitchell Non-FGD is a base rate item, and is not included in Tariff ES rate base, and thus the 9.10 percent ROE is not applicable to Mitchell Non-FGD base rate.

Kentucky Power requests rehearing to clarify that the 9.10 percent ROE applies for service rendered on or after January 14, 2021 and to authorize recovery of under-recovery for January 2021 ES filing. Kentucky Power further requests that the January 13, 2021 Order be amended to allow recovery of $236,063 to reflect a 9.3 percent ROE for Mitchell Non-FGD rate base.

Adjustment to Long-Term Debt Interest Rate

In the January 13, 2021 Order, the Commission made an adjustment of $1,057,851 to reflect an imputed interest rate for long-term debt of 3.54 percent. Kentucky Power

[5] January 13, 2021 Order at 27.

asserts that the adjustment was unreasonable, arguing that the case record contains insufficient evidence to support the Commission's adjustment.

Kentucky Power further asserts that the adjustment is unlawful. Kentucky Power claims that the imputed rate is unknown and unmeasurable, and therefore a violation of ratemaking principles that adjustments must be based upon known and measurable data points. Kentucky Power contends that the Commission's decision is based on a single case that applies to a narrow federal tax issue, and is not applicable to facts of this proceeding.

Kentucky Power also asserts that the adjustment is arbitrary because the Commission ignored the adverse impact on Kentucky Power's credit metrics, arguing that Kentucky Power will incur expenses that it is not authorized to collect in rates between January 14, 2021, and June 18, 2021, when debt matures and will be reissued

Kentucky Power requests rehearing to allow recovery of $1,057,851 in its revenue requirement to reflect Kentucky Power's actual cost of debt or, in the alternative, to amortize deferred interest expense through Tariff PPA beginning in July 2021, and to authorize a carrying charge on the deferral based on the WACC.

Zero-Intercept Study

In the January 13, 2021 Order, the Commission required Kentucky Power to perform a zero-intercept study as part of the cost of service study in its next base rate case. Kentucky Power contends that it does not have detailed information at the level of granularity required to perform a zero-intercept study. Kentucky Power requests rehearing to amend the January 13, 2021 Order to either remove the requirement to perform a zero-intercept study, or to allow Kentucky Power to conduct a zero-intercept study based upon level of detail of information that Kentucky Power maintains in its records.

Advanced Metering Infrastructure (AMI) system and Grid Modernization Rider (GMR)

In the January 13, 2021, the Commission denied, without prejudice, Kentucky Power's request for a Certificate of Public Convenience and Necessity (CPCN) to purchase and install an AMI system, and denied Kentucky Power's request to establish a GMR to recover costs for the AMI system and other costs related to grid modernization projects. Kentucky Power asserts that it carried its burden by providing sufficient evidence that its current meter system is obsolete, and therefore the Commission erred in finding that the evidence was insufficient. Kentucky Power contends that the Commission should authorize a placeholder GMR for the limited purpose of recovering future AMI deployment costs, based upon the sufficient evidence in the record.

Kentucky Power requests rehearing to amend the January 13, 2021 Order to find that Kentucky Power met its burden and therefore grant Kentucky Power's request for a CPCN to purchase and install an AMI system, and authorize a GMR for recovering future AMI deployment costs.

Additionally, Kentucky Power explains that it cannot implement the residential electric vehicle (EV) charging tariff (Tariff EV) until an AMI system is deployed because electric codes require use of meters with Underwriters Laboratories (UL) listing for Tariff EV, and that AMI meters are the only known meter to meet the requirement. Kentucky Power requests that the January 13, 2021 Order be amended to clarify that Tariff EV is conditionally approved to be implemented upon the approval of a CPCN for AMI meters.

Rockport Deferral Mechanism Regulatory Asset

In the January 13, 2021 Order, the Commission deferred a decision on Kentucky Power's request for a five-year amortization period for the Rockport deferral mechanism regulatory asset and the use of savings from the expiration of the Rockport UPA to earn a Commission-approved ROE to a future proceeding to be initiated by the Commission. Kentucky Power argues that a review of Kentucky Power's use of potential savings from the termination of the Rockport UPA is unlawful because depriving Kentucky Power of the right to use savings is arbitrary and constitutes a taking under the Fifth and Fourteenth Amendments of the United States constitution and Section 2 of the Kentucky constitution. Kentucky Power also argues that the case record contains insufficient evidence to support the Commission's finding that a review of the potential Rockport savings is warranted.

Kentucky Power requests rehearing to provide a date certain that the Commission-initiated proceeding will be established, asserting that the proceeding should be scheduled as soon as possible because the certainty of the regulatory asset amortization period is critical to Kentucky Power's ability to maintain its credit metrics. Kentucky Power further requests that the Commission delete any reference to a review of Kentucky Power's ability to use savings from Rockport UPA to earn Commission-approved ROE because Kentucky Power's right to use Rockport savings was not modified in the settlement agreement or final Order in Case No. 2017-00179.

Recovery of Tariff COGEN/SPP Purchased Power Expense

Kentucky Power states that the January 13, 2021 Order did not address Kentucky Power's request to recover Tariff COGEN/SPP purchased power expense through Tariff PPA. Kentucky Power notes that none of the parties opposed the proposal.

Tariff NMS II

In the January 13, 2021 Order, the Commission found that Kentucky Power's evidence in support of net metering rates was not persuasive but, given that this was the first net metering rate proceeding since the net metering rate statutes were amended, the decision regarding the rates should be deferred to allow for a more robust record, with Commission Staff working with the Commission's net metering rate consultant. Kentucky Power argues that the Commission erred in finding that the case record does not contain sufficient evidence to approve Kentucky Power's proposed net metering rates.

Kentucky Power requests rehearing to amend the Order to find that Kentucky Power met its evidentiary burden regarding the proposed rates in Tariff NMS II, which should be approved, or, in the alternative, the Commission should indicate the nature of evidence sought by the Commission.

INTERVENORS' ARGUMENTS

KYSEIA's Response

KYSEIA addresses the proposed Tariff NMS II only, requesting that rehearing be denied. KYSEIA declares that despite Kentucky Power's "inordinately high opinion of its own evidence,"[6] the Commission clearly indicated that Kentucky Power failed to carry its burden of proof. KYSEIA explains that the Commission could have denied the proposed Tariff NMS II, but instead opted to conduct additional proceedings within the statutory period for issuing a decision established in KRS 278.190(3). Regarding Kentucky Power's request for direction on what additional information it must file, KYSEIA states that Kentucky Power ignores that Kentucky Power has the burden of proof to provide

[6] KYSEIA Response (filed Feb. 5, 2021) at 2.

sufficient evidence to support its application, and that the Commission does not have a burden of managing Kentucky Power's application by telling Kentucky Power what evidence Kentucky Power must file to meet its burden of proof.

Attorney General/KIUC's Response

The Attorney General/KIUC request that rehearing be denied, asserting that the findings in the January 13, 2021 Order regarding CWC, the operating income adjustments, Tariff ES ROE, long-term debt interest rate, scope of the Rockport regulatory asset review, AMI, GMR, and Tariff NMS II were based on substantial evidence, were reasonable, and fully complied with applicable law. The Attorney General/KIUC reiterate that they support Kentucky Power's proposed Tariff NMS II, and that rehearing is unnecessary because a formal hearing has been scheduled to take further evidence.

Walmart's Response

Walmart addresses the GMR issue only, requesting that rehearing be denied. Walmart asserts that Kentucky Power did not allege any Commission error that would justify rehearing, but, instead, raises the issue to limit GMR to recover only AMI costs for the first time in its motion for rehearing. Walmart asserts that Kentucky Power could have raised this issue prior to rehearing because other parties, including Walmart, raised the issue of limiting GMR approval to AMI cost recovery only, Kentucky Power continued to argue that the GMR should cover AMI and other future grid modernization project costs.

Joint Intervenors' Response

Joint Intervenors address the proposed Tariff NMS II only, requesting that rehearing be denied. Joint Intervenors argue that Kentucky Power failed to carry its burden of proof because Kentucky Power failed to provide sufficient evidence to find that the avoided cost represented a fair compensatory credit. Joint Intervenors assert that a fair, just and reasonable rate must consider costs and benefits, and Kentucky Power failed to provide any analysis that netted out the costs and benefits of net-metered systems, and failed to present an analysis of the cost of serving net-metered customers or the impact on non-participating customers. Joint Intervenors claim that KRS 278.466(5) requires Kentucky Power to conduct a cost of service study because Tariff NMS II is unique to a subset of residential and commercial customers, and thus Kentucky Power must demonstrate that the proposed rate is fair, just and reasonable to that subset of customers.

KENTUCKY POWER'S REPLY IN SUPPORT OF THE MOTION FOR REHEARING

On February 15, 2020, Kentucky Power filed its reply to the Intervenors' respective responses to Kentucky Power's motion for rehearing. Kentucky Power asserts that the Attorney General/KIUC impermissibly requests the opportunity to litigate additional reductions that might offset revenue requirement increases for adjustments that the Commission grants rehearing. Kentucky Power argues that KRS 278.400 limits the Attorney General/KIUC to file for rehearing of the Commission's decisions within the 20 days established in that statute. Kentucky Power also asserts that the Attorney General/KIUC's arguments regarding CWC and operating income adjustments are not supported by the case record. Kentucky Power contends that the Attorney General/KIUC's arguments regarding the ROE for Tariff ES are based upon a misunderstanding of the operation of Tariff ES and KRS 278.160(2). Finally, Kentucky

Power claims that the Attorney General/KIUC's arguments regarding the Commission's ability to impute an interest rate for long-term debt is contrary to law.

Kentucky Power asserts that the arguments raised by Walmart and the Attorney General/KIUC regarding Kentucky Power's proposed GMR are contradicted by the record.

Kentucky Power acknowledges that Attorney General/KIUC supports Kentucky Power's request for a date certain that the Commission will initiate a proceeding to review the amortization period of the Rockport regulatory asset. However, Kentucky Power rejects the Attorney General/KIUC's argument that amending the January 13, 2021 Order to find that the Commission unambiguously approved the 2023 savings offset in Case No. 2017-00179 will unduly restrict the Commission future review of the appropriate amortization period for the Rockport regulatory asset.

Kentucky Power argues that the Joint Intervenors offer no new arguments in their response, but instead reiterate Joint Intervenors' improper reading of statutory requirements for establishing net metering rates. Kentucky Power further argues that, if the Commission denies rehearing on the issue of Tariff NMS II, that the Commission must clarify what evidence the parties should file, and that all parties would benefit from knowing what evidence the Commission wants the parties to present.

Kentucky Power did not address KYSEIA's response to Kentucky Power's motion.

DISCUSSION AND FINDINGS

In response to Kentucky Power's motion for rehearing, and in consideration of the responses to the motion, the Commission makes the following findings discussed in the paragraphs below. A summary of the revenue requirement impact of the Commission's findings is attached to this Order as Appendix B, and the rates approved as a result of the revenue requirement impact are set forth in Appendix C to this Order.

Adjustment to CWC

Based upon the motion, and being otherwise sufficiently advised, the Commission finds that rehearing should be denied on all issues raised by Kentucky Power regarding the adjustment to CWC. As discussed in the January 13, 2021 Order, under Kentucky law, the Commission weighs the evidence and determines the appropriate valuation for ratemaking purposes. After weighing multiple factors and the substantial evidence of record, the Commission determined that rate base would provide a more precise and accurate method to calculate Kentucky Power's revenue requirement under the facts of this case because capitalization measured capital allocations "in excess of that needed to finance Kentucky Power's direct investment rate base."[7]

After finding that rate base was the appropriate methodology, the Commission also had to determine the appropriate amount of CWC to include in rate base for ratemaking purposes, which by necessity includes the appropriate method for determining the amount of CWC to include in rate base for ratemaking purposes.[8] The parties fully

[7] January 13, 2021 Order at 5.

[8] CWC recognizes that cash supplied by shareholders, on behalf of the utility's customers, is needed to finance operating costs incurred during the time lag before revenues are collected, and that shareholders should be compensated for their investment. The Commission has long stated that the most accurate way to determine the amount of CWC component of rate base is a lead-lag study. The one-eighth formula, a less-accurate option for measuring CWC, is predicated on a certain number of days for which lag days for receivables are greater than lead days for payables, and thus shareholders finance operating costs on behalf of customers. However, if the lag days for receivables are lower than lead days for payables, or if a utility sells its receivables to a third party, resulting in lag days lower than lead days, then shareholders do not finance CWC, and therefore should not receive compensation for capital that shareholders do not invest. *See* Case No. 91-217, *Adjustment of Rates of the Salem Telephone Company, Inc.* (Ky. PSC Feb. 28, 1992), Order at 3; Case No. 2017-00349, *Application of Atmos Energy Corporation for an Adjustment of Rates and Tariff Modifications* (Ky. PSC May 3, 2018), Order at 16-17; and Case No. 2017-00321, (Ky. PSC Apr. 13, 2018) Order.

litigated the issue whether CWC should be adjusted to zero, adjustments regarding accounts receivable, and the need for a lead-lag study to accurately determine the amount of CWC to include in rate base through data requests, direct and rebuttal testimony, hearing testimony, and post-hearing briefs.[9] As the Commission stated in the January 13, 2021 Order, there is evidence in the record that CWC could have been a negative amount, rather than zero. Since the actual amount of CWC cannot be definitively determined absent a lead-lag study, the Commission weighed the alternatives between an adjustment that reflects a negative amount and an adjustment to $0, and decided that an adjustment to reflect $0 CWC was fair, just and reasonable, based upon the evidence of record.

Regarding the treatment of accounts receivable, the Commission is not persuaded by the evidence presented by Kentucky Power in response to the Attorney General/KIUC's witness's proposals.[10] To the extent that further clarification is required, the Commission weighed the evidence of record and determined that an adjustment to remove accounts receivable from the capital structure was not supported by the evidence in the record.[11]

[9] *See* Kentucky Power's Response to Attorney General/KIUC's Second Request for Information (Attorney General/KIUC's Second Request) (filed Sept. 30, 2020), Items 1–9; Direct Testimony of Lane Kollen (filed Oct. 7 2020) at 10, 13–17; Rebuttal Testimony of Alex E. Vaughan (Vaughan Rebuttal Testimony) (filed Nov. 9, 2020) at R5-R7; Hearing Transcript Vol. IV at 1529-1530; Kentucky Power's Post-Hearing Brief (filed Dec. 8, 2020) at 86–88; Attorney General/KIUC's Post-Hearing Brief (filed Dec. 14, 2020) at 7–12; Kentucky Power's Post-Hearing Reply Brief (filed Dec. 17, 2020) at 24–25.

[10] Vaughan Rebuttal Testimony at R5; Kentucky Power Post-Hearing Brief at 87; Hearing Transcript, Vol. V at 1397.

[11] *See* Vaughan Rebuttal Testimony at R7.

Finally, the Commission's finding that Kentucky Power was unwilling to conduct a lead-lag study unless expressly ordered by the Commission is supported by substantial evidence in the record.[12]

Because the issue was fully litigated and there is substantial evidence in the case record that supports the Commission findings, Kentucky Power's request for rehearing should be denied as an attempt to relitigate the issue. As Kentucky Power stated in a previous matter, "[r]ehearing is not a vehicle for a party to reargue or relitigate an issue fully addressed by the parties in the proceedings leading to the original order."[13]

<u>Adjustment to Operating Income: Rate Case Expense</u>

The Commission finds that rehearing should be denied for the adjustment to disallow certain witness training expenses. Kentucky Power avers that the adjustment is unreasonable because Kentucky Power provided substantial evidence to support the expense and because the disallowance is a departure from past treatment of the same expense. It is well settled that a Commission decision is unreasonable only when the evidence presented leaves no room for difference of opinion.[14] A utility may recover reasonable rate case expenses, such as legal fees, expert witness fees, and the cost to prepare a cost of service study.[15] However, recovery of rate case expenses is not

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[12] Kentucky Power Response to Attorney General/KIUC Second Request, Items 1-9; Vaughan Rebuttal Testimony at R5-R6; Hearing Transcript, Vol. VI at 1529-1530; Kentucky Power Post-Hearing Brief at 86-87; Kentucky Power Post-Hearing Reply Brief at 24-25.

[13] Case No. 2017-00179, *Kentucky Power Company* (filed Feb. 7, 2018), Motion for Partial Rehearing at 2.

[14] *Energy Regulatory Commission v. Kentucky Power Co.*, 605 S.W.2d 46, 50 (Ky. App. 1980).

[15] *See Driscoll v. Edison Light & Power Co.*, 307 U.S. 104, 120 (1939).

guaranteed; there must be sufficient evidence that supports a finding that the expense is just and reasonable. Here, the evidence of record consisted of an invoice for "witness development skills" and video recording services.[16] The Commission had no duty to refute evidence submitted to it by Kentucky Power who had the burden of proof.[17] The Commission appropriately weighed the evidence of record, and made a finding of fact based upon the evidence in the record that Kentucky Power failed to carry its burden of proof or that it was reasonable for Kentucky Power customers to pay for rate case expenses that, on their face, are duplicative and of questionable necessity.[18]

In Case No. 2017-00179, Kentucky Power's rate case expense for witness training was included in the non-unanimous settlement revenue requirement.[19] In deference to the settlement, the Commission allowed recovery of the witness training expense in the proceeding. To the extent that additional clarification is required, the Commission reiterates that rate case expense is not guaranteed. As discussed above and in the January 13, 2021 Order, the Commission questioned whether the communication strategy and video recording services provided by CCA were necessary given that, as documented in the case record, Kentucky Power's counsel were preparing witnesses as part of their legal services. Based upon the evidence of record in this proceeding, the

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[16] Kentucky Power's Supplemental Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Oct. 15, 2020), Item 39.

[17] *Energy Regulatory Commission*, 605 S.W. 2d at 50.

[18] *See* Kentucky Power's Supplemental Responses to Commission Staff's Second Request, Item 39, filed Aug. 27, 2020; Oct. 15, 2020; Nov. 9, 2020; Dec. 10, 2020; and Jan. 15, 2021, which contain multiple descriptions of legal services performed by counsel to Kentucky Power reviewing, analyzing, commenting on, and identifying changes to Kentucky Power witness testimony, and preparing Kentucky Power witnesses for cross examination at the formal hearing.

[19] Case No. 2017-00179, Jan. 18, 2018 Order at Appendix A.

Commission finds that Kentucky Power failed to provide sufficient evidence that the witness development skills training provided by CCA is a necessary rate case expense, and thus failed to carry its burden of proof to justify recovering this expense from Kentucky Power's customers through rates.

The Commission further finds that rehearing to take additional evidence regarding the reasonableness of the expense should be denied. As discussed in the above section, Kentucky Power merely seeks to relitigate an issue for which Kentucky Power failed to meet its burden of proof.

Adjustment of Operating Income: Incentive Compensation Expense

The Commission finds that Kentucky Power's request for rehearing of the adjustment to incentive compensation expense should be denied. The Commission finds no merit in Kentucky Power's claim that the January 13, 2021 Order does not contain a reasoned analysis for the decision. Indeed, the Commission expressly stated that there was conflicting precedent regarding whether funding metrics that include financial objectives should be disallowed for ratemaking purposes, then set forth in detail the reasoning for its finding that incentive compensation expense based on financial objectives in funding metrics should receive the same regulatory treatment as financial objectives in performance metrics, and then disallowed $5,665,765 in incentive compensation expense that was based upon financial objectives in both funding and performance metrics.

Adjustment of Operating Income: Savings Plan Expense

The Commission finds that Kentucky Power's request for rehearing of the adjustment to savings expense should be denied. For the same reason discussed above, the Commission finds no merit to Kentucky Power's argument that the Commission failed to provide a reasoned analysis for its finding. The January 13, 2021 Order expressly acknowledged that the Commission made an erroneous finding in Case No. 2017-00179 by addressing Kentucky Power's defined benefit plan and 401(k) plan, but failed to address the cash balance formula plan, which should have been addressed. After addressing the erroneous finding in a previous Order, the January 13, 2021 Order set forth the reasoning for the adjustment based upon the evidence in the record.

The January 13, 2021 Order further explained that Kentucky Power did not provide substantial evidence to support the expense was just and reasonable. As discussed above, the Commission does not have a duty to refute evidence submitted to it by an applicant who has the burden of proof.

Adjustment of Operating Expense: Rockport Unit Power Agreement (UPA) Expenses

The Commission finds that Kentucky Power's request for rehearing of the disallowance of Rockport UPA expenses should be denied. Kentucky Power now seeks to relitigate an issue for which the Commission appropriately weighed the evidence and, in the January 13, 2021 Order, provided a specific rationale for its finding of fact.

Adjustment of Operating Income: Miscellaneous Expense

The Commission finds no merit in Kentucky Power's claim that it provided sufficient evidence to support recovery for certain miscellaneous expenses, and that rehearing should be denied. Despite multiple requests from Commission Staff, Kentucky Power failed to provide objective evidence that certain expenses were reasonable. For example, in responses to post-hearing data requests, Kentucky Power states only that its executives analyzed expenses for reasonableness, without further explanation to explain how they reached their decision.[20]

As discussed above, the Commission does not have a duty to refute evidence. Kentucky Power has the burden of proof and, here, they failed to carry that burden, as explained by the Commission in the January 13, 2021 Order. Further, after failing to provide sufficient evidence to meet its burden of proof, Kentucky Power now seeks to relitigate the issue.

Kentucky Power failed to established good cause to grant rehearing, and therefore the Commission finds that rehearing should be denied.

<u>Tariff Environmental Surcharge (ES) Return on Equity (ROE)</u>

The Commission finds that rehearing should be granted to amend the January 13 2021 Order to state that Kentucky Power should use an ROE of 9.10 percent for service rendered on and after January 14, 2021. The Commission further finds that Kentucky Power should include any under-recovery resulting from the improper date of the ROE change in its next monthly Tariff ES filing.

The Commission finds that rehearing should be granted in regard to the adjustment resulting from the reduction of the ROE for Mitchell Non-FGD rate base because the rate base portion of the Mitchell Non-FGD is not recovered through Tariff ES. Because the ROE used for the Mitchell Non-FGD will differ between base rates and Tariff ES, Kentucky Power's current forms and base/current calculation will not accurately calculate Kentucky Power's environmental surcharge. The Commission therefore finds that Kentucky Power shall file a revised Tariff ES to reflect annual base revenue requirement as shown on

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[20] Kentucky Power's Response to Commission Staff's Post-Hearing Request for Information (filed Dec. 9, 2020), Item 14(a).

Appendix A attached to this Order and will revise its monthly forms to calculate the return on Mitchell Non-FGD plant as of March 31, 2020, with an ROE of 9.3 percent and the return on additional Mitchell Non-FGD plant with an ROE of 9.1 percent. The Commission also finds that the revenue required from base rates should be revised to reflect the impact of the findings stated above. This results in an increase to the revenue required from base rates of $236,063.

Adjustment to Long-Term Debt Interest Rate

In the January 13, 2021 Order, the Commission expressly stated that "Kentucky Power should defer the difference in jurisdictional interest expense between 3.54 percent and the high-cost debt until it matures as a regulatory asset."[21] The Commission finds that rehearing should be granted to the limited extent to amend the January 13, 2021 Order to strike the above cited sentence and replace it with the following: "From January 14, 2021, through the July 2021 refinancing, Kentucky Power should defer the difference in the jurisdictional interest expense and 3.54 percent as a regulatory asset, with a carry charge of 3.89 percent, the approved long-term debt rate structure, and will amortize this regulatory asset through Tariff PPA, beginning with the next annual PPA factors filing in August 2021."

The Commission finds that rehearing should be denied on the remaining long-term debt issues raised by Kentucky Power. In the January 13, 2021 Order, the Commission examined the regulatory and case law, and the factual evidence in the record that supports the Commission's decision. Based upon the evidence of record established during the formal hearing, Kentucky Power will reissue long-term debt maturing in June

[21] Jan. 13, 2021 Order at 40.

2021 at an interest rate that in the current environment that is lower than the current rate of 7.32 percent.[22] Thus, Kentucky Power's arguments in rehearing are contradicted by its hearing testimony that Kentucky Power will refinance the maturing bonds and at an interest rate that is reflective of the current lower interest rate environment. For the above reasons, Kentucky Power's reissuance of long-term debt is not simply reasonably anticipated, but is a planned, and thus a known, event. Kentucky Power seeks to relitigate an issue that was decided based on the evidence of record and applicable law.

Zero-Intercept Study

The Commission finds that rehearing should be granted for the limited purpose of clarifying that Kentucky Power should conduct a zero-intercept study for its cost of service study in its next rate case. Recently, the Commission has noted its preference for the zero-intercept method stating the following:[23]

> Due to its use of linear regression equations relating cost to various sizes of equipment rather than choosing what would be the minimum pole, conductor, or line transformer needed to serve a customer, the zero-intercept method is preferred because it is considered less subjective than the minimum system. Furthermore, comparative studies between the minimum-size and zero-intercept methods suggest that the minimum system method produces a larger customer component.

Therefore, in its next base rate case, Kentucky Power must include support for the reasonableness of the data that it provides and any assumptions made by Kentucky Power should be well supported and documented.

AMI and GMR

[22] Hearing Transcript, Vol. III at 825–826, 865.

[23] Case No. 2020-00131, *Electronic Application of Meade County Rural Electric Cooperative for an Adjustment of Rates* (Ky. PSC Sept. 16, 2020).

The Commission finds that rehearing on the issue of a CPCN for an AMI and establishing a GMR should be denied. The January 13, 2021 Order stated that Kentucky Power failed to provide sufficient evidence to support approving a CPCN for an AMI system, denying the request without prejudice with leave to refile with evidence supporting that its existing system is obsolete and evidence supporting actual costs of the propose system. Kentucky Power now seeks to relitigate the Commission's evaluation of that evidence through rehearing. As discussed above, rehearing is not the proper vehicle to relitigate a Commission decision.

Kentucky Power proposed the GMR to recover costs associated with the deployment of the AMI system and additional grid modernization expenses approved by the Commission. As discussed in the January 13, 2021 Order, the GMR proposal is moot based upon the denial of the AMI CPCN. It would be premature to approve a cost recovery mechanism explicitly tied to recovery of costs that are not supported by substantial evidence and tied to a project that the Commission has not approved. Kentucky Power fails to state any basis to grant rehearing on the issue of the GMR, and therefore rehearing should be denied.

In the January 13, 2021 Order, the Commission found that the proposed Tariff EV "is reasonable when utilizing AMR meters."[24] Thus, the Commission's approval of Tariff EV was predicated upon customer use of automatic meter reading (AMR) meters and not AMI meters. Kentucky Power's rehearing arguments regarding Tariff EV are inconsistent with testimony from Kentucky Power's witnesses. Kentucky Power proposed Tariff EV to

[24] January 13, 2021 Order at 89.

allow customers to use a "separately wired time of use ("TOU") meter to take advantage of TOU rates for their electrical vehicle charging load only."[25] Stephen D. Blankenship testified that Kentucky Power currently offers time-of-day rates with existing AMR meters, but that AMR metering "does not facilitate or fully enable" time-of-day rates.[26] Brian K. West also testified that Kentucky Power currently offers time-of-day rates, but that AMI meters would provide access to more granular data of 15-minute interval data.[27] Based upon the new statements by Kentucky Power that Tariff EV cannot be implemented without AMI meters, the Commission finds that rehearing should be granted to amend the January 13, 2021 Order to deny Tariff EV for Residential Service (Tariff R.S.), General Service (Tariff G.S.), and Large General Service (Tariff L.G.S.) without prejudice, with leave to refile an application to approve Tariff EV submitted with Kentucky Power's future application for approval of an AMI meter system, as discussed above. It would be premature to approve a tariff explicitly tied to metering system that the Commission has not approved. Similar to our finding that the GMR proposal is moot, the Commission finds that Kentucky Power's proposal regarding Tariff EV is moot given that it is tied explicitly to a metering system that has not yet been approved by the Commission.

Rockport Deferral Mechanism Regulatory Asset

The Commission finds that rehearing should be granted to the limited extent to clarify that the Commission will initiate a new proceeding to address the Rockport deferral

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[25] Direct Testimony of Alex E. Vaughan (filed June 29, 2020) at 12. *See also* Kentucky Power's Response to Commission Staff's Fourth Request for Information (filed Aug. 26, 2020) at Item 75.

[26] Direct Testimony of Stephen D. Blankenship (filed June 29, 2020) at 12.

[27] Direct Testimony of Brian K. West (filed June 29, 2020) at 30.

mechanism regulatory asset once Kentucky Power makes a written filing identifying, by name, the capacity replacement for Rockport UPA and the expected costs.

In the January 13, 2021 Order, the Commission explained that Kentucky Power was unable to confirm either the amortization amount or the expected savings once the Rockport UPA terminates. Kentucky Power asserts that, because this issue was not addressed in the settlement or the Orders in Case No. 2017-00179, the amortization amount or expected savings is not subject to Commission review. The Commission finds this assertion to be without merit because it is contrary to the Commission's statutory duty to ensure that rates are fair, just and reasonable.

Recovery of Tariff COGEN/SPP Purchased Power Expense

The Commission finds that rehearing should be granted for the limited purpose of amending the January 13, 2021 Order to clarify that it is reasonable for Kentucky Power to recover purchased power expense for COGEN/SPP through Tariff PPA.

Tariff NMS II

The Commission finds that rehearing on the issue of TMS II should be denied. In the January 13 2021 Order, the Commission explained that it was not persuaded by the evidence that Kentucky Power filed in support of the proposed net metering rates, and, instead of denying the proposed rates, deferred a decision in order to create a robust record upon which the Commission can make a decision. Thus, there is no merit in Kentucky Power's assertion that it provided sufficient evidence to carry its burden.

Further, the Commission does not have a duty to refute evidence submitted to it by Kentucky Power because Kentucky Power has the burden of proof. As the finder of fact, the Commission must weigh the evidence presented to it by applicants, who bear the burden of proof. For these reasons, the Commission finds no basis to support a conclusion that it has a duty to provide Kentucky Power with the type of evidence that Kentucky Power should file in order to establish sufficient evidence in support of its application.

IT IS THEREFORE ORDERED that:

1. Kentucky Power's motion for rehearing is granted in part and denied in part.

2. Kentucky Power's motion for rehearing on the issue of adjusting CWC to $0 is denied.

3. Kentucky Power's motion for rehearing on the issue of denial of recovery for rate case expense for witness training is denied.

4. Kentucky Power's motion for rehearing on the issue of denial of recovery for incentive compensation expense is denied.

5. Kentucky Power's motion for rehearing on the issue of denial of recovery of savings plan expense is denied.

6. Kentucky Power's motion for rehearing on the issue of the removal of Rockport UPA expenses for test-year purchased power expense is denied.

7. Kentucky Power's motion for rehearing on the issue of denial of recovery of certain miscellaneous expense is denied.

8. Kentucky Power's motion for rehearing on the issue of recovery of Mitchell Non-FGD expense is denied.

9. Kentucky Power's motion for rehearing on the 9.10 percent ROE for Tariff ES is granted to the limited extent that the January 13 2021 Order is amended to clarify that the 9.10 ROE applies for service rendered on or after January 14, 2021, and that

recovery of the under-recovery for January 2021 ES filing is approved. With this amendment to the January 13, 2021 Order, this issue is closed.

Kentucky Power's motion for rehearing on the issue of the long-term debt adjustment is granted to the limited extent that the January 13, 2021 Order is amended to strike the sentence on page 40 that states, "Kentucky Power should defer the difference in jurisdictional interest expense between 3.54 percent and the high-cost debt until it matures as a regulatory asset" and replace it with the following: "From January 14, 2021, through the July 2021 refinancing, Kentucky Power should defer the difference in the jurisdictional interest expense and 3.54 percent as a regulatory asset, with a carry charge of 3.89 percent, the approved long-term debt rate structure, and will amortize this regulatory asset through Tariff PPA, beginning with the next annual PPA factors filing in August 2021." With this amendment to the January 13, 2021 Order, this issue is closed.

10. Kentucky Power's motion for rehearing on the issue of requiring Kentucky Power to file a zero-intercept study in its next base rate case is granted to the limited extent that the January 13, 2021 Order is amended as specified in the findings above. With the amendment to the January 13, 2021 Order, this issue is closed.

11. Kentucky Power's motion for rehearing on the issue of denying a CPCN to purchase and install AMI meters and denying Kentucky Power' is denied.

12. Kentucky Power's motion for rehearing on the issue of denying Kentucky Power's request to establish the GMR is denied.

13. Kentucky Power's motion for rehearing on the issue of Tariff EV is granted for the limited extent that the last sentence of page 88 and the first sentence of page 89 of the January 13, 2021 Order is amended as follows: "Because the Commission denied

a CPCN to purchase and install an AMI system and because Kentucky Power's proposed Tariff EV can be implemented with AMI meters only, the Commission finds that Tariff EV for Tariff R.S., Tariff G.S., and Tariff L.G.S. should be denied without prejudice as moot, with leave to refile the proposed Tariff EV when Kentucky Power's refiles a revised application requesting a CPCN for an AMI system" With this amendment to the January 13, 2021 Order, this issue is closed.

14. Kentucky Power's motion for rehearing to clarify the timing of a future proceeding regarding the amortization of the Rockport Deferral Mechanism is granted to the limited extent to clarify that the Commission will initiate a new proceeding to address the Rockport deferral mechanism regulatory asset once Kentucky Power makes a written filing identifying, by name, the capacity replacement for Rockport UPA and the reasonably anticipated costs. With this clarification, this issue is closed.

15. Kentucky Power's motion for rehearing to delete language in the January 13, 2021 Order regarding the scope of a future proceeding regarding the Rockport Deferral Mechanism is denied.

16. Kentucky Power's motion for rehearing on the issue of recovery of COGEN/SPP purchased power expense through Tariff PPA is granted to the limited extent that the January 13, 2021 Order is amended as specified in the findings above. With the amendment to the January 13, 2021 Order, this issue is closed.

17. Kentucky Power's motion for rehearing on the issue of Tariff NMS II is denied.

18. The rates set forth in Appendix C to this Order are the correct rates approved for service rendered by Kentucky Power on and after January 14, 2021, and

they shall replace and supersede the rates set forth in Appendix C to the January 13, 2021 Order.

19. Within 20 days of the date of this Order, Kentucky Power shall file with the Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the rates, charges, and modifications approved, or as required in this Order, and reflecting their effective date and that they were authorized by this Order.

20. Kentucky Power shall, on the first month's bills after the date of this Order, impose surcharges on customer bills in order to recover the difference between the amounts already billed and the rates approved in the January 13, 2021 Order and amounts that should have been billed under the correct rates set forth in Appendix C to this Order.

21. All provisions of the January 13, 2021 Order that do not conflict with this Order shall remain in full force and effect.

By the Commission

ENTERED

FEB 22 2021

rcs

KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:

Linda C. Bridwell

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2020-00174 DATED FEB 22 2021

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Period Cost
January	$3,503,207
February	$3,961,295
March	$3,695,547
April	$4,652,708
May	$4,476,891
June	$3,896,996
July	$4,132,198
August	$3,932,695
September	$3,687,618
October	$3,775,108
November	$3,816,807
December	$3,814,390
	$47,345,460

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2020-00174 DATED FEB 22 2021

SUMMARY OF COMMISSION ADJUSTMENTS ON REHEARING

	Order of January 13, 2021	Kentucky Power Motion	Commission Adjustments
Kentucky Power Requested Increase			
Request Based On Original Filing	$ 70,096,743	$ 70,096,743	$ 70,096,743
Effects on Increase from Rate Base Recommendations			
Utilize Rate Base Instead of Capitalization to Reflect Return on Component for Base Rates	608,162	608,162	608,162
Reduce Cash Working Capital to '0' in Lieu of Lead/Lag Study	(1,660,444)	-	(1,660,444)
Remove Prepaid Pension and Prepaid OPEB from Rate Base, Net of ADIT	(5,203,831)	(5,203,831)	(5,203,831)
Remove Accounts Payable Balances from CWIP in Rate Base	(687,079)	(687,079)	(687,079)
Remove Accounts Payable Balances from Prepayments in Rate Base	(6,784)	(6,784)	(6,784)
Effects on Increase from Operating Income Recommendations			
Increase to Base Revenue Due to Moving of Certain Non-Recurring Charges from Misc. Revenue	2,817,345	2,817,345	2,817,345
Addition of Pension and OPEB Expense Originally Removed from Cost of Service	3,712,668	3,712,668	3,712,668
Reduction of Savings Plan Contribution Expense	(1,684,045)	-	(1,684,046)
Adjustment to Rate Case Expense	(418,069)	(366,952)	(418,069)
Remove Incentive Compensation Expense Tied to Financial Performance	(5,665,765)	-	(5,665,765)
Remove SERP Expense	(205,475)	(205,475)	(205,475)
Remove Kentucky Power's Pro Forma Adjustment to Restate Rockport UPA Operating Ratio	(1,705,844)	-	(1,705,844)
Restate State Income Tax Expense Based on Kentucky-Online Income Tax Rate of 5%	-	-	-
Remove EEI Dues for Covered Activities (Legislative and Regulatory Advocacy and Public Relations)	-	-	-
Remove Miscellaneous Expense Less EEI Dues for Covered Activities	(545,012)	-	(545,012)
Correct Allocation of Rockport UPA Deferral to Non-jurisdictional Customers	(211,280)	(211,280)	(211,280)
Remove SSC GreenHat Default Charges from FAC Base Rates	(16,552)	(16,552)	(16,552)
Effects on Increase from Rate of Return Recommendations			
Reallocate the Mitchell Coal Stock Adjustment Proportionately Across Capital Structure	-	-	-
Increase Short Term Debt and Set Debt Rate at 0.51%	-	-	-
Reduce Long Term Debt Rate to Reflect Refinance of June 2021 Maturity	(1,057,851)	-	(1,057,851)
Reduce Return on Equity from 10.0%	(5,511,493)	(5,597,234)	(5,511,493)
Reduce Return on Equity for Environmental Surcharge to 9.1%	(236,063)	-	-
Total Adjustments to Company's Proposed TY Base RR	(17,677,411)	(5,157,012)	(17,441,350)
Net Increase to Base Rates	$ 52,419,332	$ 64,939,731	$ 52,655,393

APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2020-00174 DATED FEB 22 2021

The following rates and charges are prescribed for the customers in the area served by Kentucky Power Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

TARIFF R.S.
RESIDENTIAL SERVICE

Service Charge per month	$	17.50
Energy Charge per kWh	$	.11038
Storage Water Heating Provision - Per kWh	$	.08127
Load Management Water Heating Provision - Per kWh	$	.08127

TARIFF R.S.-L.M.-T.O.D.
RESIDENTIAL SERVICE LOAD MANAGEMENT TIME-OF-DAY

Service Charge per month	$	21.00
Energy Charge per kWh:		
All kWh used during on-peak billing period	$	.14773
All kWh used during off-peak billing period	$	.08127
Separate Metering Provision Per Month	$	4.30

TARIFF R.S.-T.O.D.
RESIDENTIAL SERVICE TIME-OF-DAY

Service Charge per month	$	21.00
Energy Charge per kWh:		
All kWh used during on-peak billing period	$	.14773
All kWh used during off-peak billing period	$	.08127

TARIFF R.S.-T.O.D. 2
EXPERIMENTAL RESIDENTIAL SERVICE TIME-OF-DAY 2

Service Charge per month	$	21.00
Energy Charge per kWh:		
All kWh used during summer on-peak billing period	$	.19088
All kWh used during winter on-peak billing period	$	.16591
All kWh used during off-peak billing period	$	.09324

TARIFF R.S.D.
RESIDENTIAL DEMAND-METERED ELECTRIC SERVICE

Service Charge per month	$ 21.00
Energy Charge per kWh:	
All kWh used during on-peak billing period	$ .12593
All kWh used during off-peak billing period	$ .08127
Demand Charge per kW	$ 3.90

TARIFF G.S.
GENERAL SERVICE

Secondary Service:	
Service Charge per month	$ 25.00
Energy Charge per kWh:	
First 4,450 kWh per month	$ .11146
Over 4,450 kWh per month	$ .10440
Demand Charge per kW greater than 10 kW	$ 6.61
Primary Service:	
Service Charge per month	$ 100.00
Energy Charge per kWh:	
First 4,450 kWh per month	$ .09813
Over 4,450 kWh per month	$ .09232
Demand Charge per kW greater than 10 kW	$ 6.01
Subtransmission Service:	
Service Charge per month	$ 400.00
Energy Charge per kWh:	
First 4,450 kWh per month	$ .08902
Over 4,450 kWh per month	$ .08380
Demand Charge per kW greater than 10 kW	$ 4.68

TARIFF G.S.
GENERAL SERVICE
RECREATIONAL LIGHTING SERVICE PROVISION

Service Charge per month	$ 25.00
Energy Charge per kWh	$ .11077

TARIFF G.S.
GENERAL SERVICE
LOAD MANAGEMENT TIME-OF-DAY PROVISION

Service Charge per month	$ 25.00

Energy Charge per kWh:		
All kWh used during on-peak billing period	$	.16147
All kWh used during off-peak billing period	$	.08154

TARIFF G.S.
GENERAL SERVICE
OPTIONAL UNMETERED SERVICE PROVISION

Service Charge per month	$	15.00
Energy Charge per kWh:		
First 4,450 kWh per month	$	.11146
Over 4,450 kWh per month	$	.10440

TARIFF S.G.S.-T.O.D.
SMALL GENERAL SERVICE TIME-OF-DAY

Service Charge per month	$	25.00
Energy Charge per kWh:		
All kWh used during summer on-peak billing period	$	.21085
All kWh used during winter on-peak billing period	$	.18411
All kWh used during off-peak billing period	$	.11518

TARIFF M.G.S.-T.O.D.
MEDIUM GENERAL SERVICE TIME-OF-DAY

Service Charge per month	$	25.00
Energy Charge per kWh:		
All kWh used during on-peak billing period	$	.16147
All kWh used during off-peak billing period	$	.08154

TARIFF L.G.S.
LARGE GENERAL SERVICE

Secondary Service Voltage:		
Service Charge per month	$	85.00
Energy Charge per kWh	$	.08671
Demand Charge per kW	$	8.77
Primary Service Voltage:		
Service Charge per month	$	127.50
Energy Charge per kWh	$	.07595
Demand Charge per kW	$	7.90
Sub-transmission Service Voltage:		
Service Charge per month	$	660.00
Energy Charge per kWh	$	.05469

Demand Charge per kW	$	6.61

Transmission Service Voltage:

Service Charge per month	$	660.00
Energy Charge per kWh	$	.05324
Demand Charge per kW	$	6.16

All Service Voltages:

Excess Reactive Charge per KVA	$	3.46

TARIFF L.G.S.
LARGE GENERAL SERVICE
LOAD MANAGEMENT TIME-OF-DAY PROVISION

Service Charge per month	$	85.00
Energy Charge per kWh:		
All kWh used during on-peak billing period	$	.14665
All kWh used during off-peak billing period	$	.08127

TARIFF L.G.S. – T.O.D.
LARGE GENERAL SERVICE TIME-OF-DAY

Secondary Service Voltage:

Service Charge per month	$	85.00
Energy Charge:		
On-Peak Energy Charge per kWh	$	.10523
Off-Peak Energy Charge per kWh	$	.05599
Demand Charge per kW	$	10.92

Primary Service Voltage:

Service Charge per month	$	127.50
Energy Charge:		
On-Peak Energy Charge per kWh	$	.10381
Off-Peak Energy Charge per kWh	$	.05557
Demand Charge per kW	$	8.17

Sub-transmission Service Voltage:

Service Charge per month	$	660.00
Energy Charge:		
On-Peak Energy Charge per kWh	$	.10294
Off-Peak Energy Charge per kWh	$	.05532
Demand Charge per kW	$	1.77

Transmission Service Voltage:

Service Charge per month	$	660.00

Energy Charge:		
On-Peak Energy Charge per kWh	$	.10208
Off-Peak Energy Charge per kWh	$	.05506
Demand Charge per kW	$	1.75

<u>All Service Voltages</u>:

Excess Reactive Charge per KVA	$	3.46

TARIFF I.G.S.
INDUSTRIAL GENERAL SERVICE

<u>Secondary Service Voltage</u>:

Service Charge per month	$	276.00
Energy Charge per kWh	$	.02937
Demand Charge per kW		
Of Monthly On-Peak Billing Demand	$	25.88
Of Monthly Off-Peak Billing Demand	$	1.80

<u>Primary Service Voltage</u>:

Service Charge per month	$	276.00
Energy Charge per kWh	$	.02899
Demand Charge per kW		
Of Monthly On-Peak Billing Demand	$	22.96
Of Monthly Off-Peak Billing Demand	$	1.78

<u>Sub-transmission Service Voltage</u>:

Service Charge per month	$	794.00
Energy Charge per kWh	$	.02874
Demand Charge per kW		
Of Monthly On-Peak Billing Demand	$	16.33
Of Monthly Off-Peak Billing Demand	$	1.76

<u>Transmission Service Voltage</u>:

Service Charge per month	$	1,353.00
Energy Charge per kWh	$	.02851
Demand Charge per kW		
Of Monthly On-Peak Billing Demand	$	16.08
Of Monthly Off-Peak Billing Demand	$	1.75

<u>All Service Voltages</u>:
Reactive demand charge for each kilovar of maximum leading or lagging reactive demand in excess of 50 percent of the kW of monthly metered demand is $.69 per KVAR.

<u>Minimum Demand Charge</u>
The minimum demand charge shall be equal to the minimum billing demand times the following minimum demand rates per kW:

Secondary	$ 28.77
Primary	$ 25.81
Subtransmission	$ 19.17
Transmission	$ 18.88

TARIFF M.W.
MUNICIPAL WATERWORKS

Service Charge per month	$ 25.00
Energy Charge - All kWh per kWh	$ .10039

Subject to a minimum monthly charge equal to the sum of the service charge plus $9.78 per KVA as determined from customer's total connected load.

TARIFF O.L.
OUTDOOR LIGHTING

OVERHEAD LIGHTING SERVICE

High Pressure Sodium per Lamp:	
100 Watts (9,500 Lumens)	$ 9.06
150 Watts (16,000 Lumens)	$ 10.33
200 Watts (22,000 Lumens)	$ 12.52
250 Watts (28,000 Lumens)	$ 17.84
400 Watts (50,000 Lumens)	$ 19.78
Mercury Vapor per Lamp:	
175 Watts (7,000 Lumens)	$ 11.55
400 Watts (20,000 Lumens)	$ 19.88
LED:	
55 Watts (5,400 Lumens)	$ 6.62
100 Watts (10,500 Lumens)	$ 9.20
175 Watts (18,430 Lumens)	$ 11.62
300 Watts (30,230 Lumens)	$ 17.94

POST-TOP LIGHTING SERVICE

High Pressure Sodium per Lamp:	
100 Watts (9,500 Lumens)	$ 16.42
150 Watts (16,000 Lumens)	$ 25.83
100 Watts Shoe Box (9,500 Lumens)	$ 30.00
250 Watts Shoe Box (19,000 Lumens)	$ 30.07
400 Watts Shoe Box (40,000 Lumens)	$ 39.47
Mercury Vapor per Lamp:	
175 Watts (7,000 Lumens)	$ 13.25
LED:	
65 Watts Post Top (7,230 Lumens)	$ 19.05

FLOOD LIGHTING SERVICE

High Pressure Sodium per Lamp:	
200 Watts (22,000 Lumens)	$ 14.38
400 Watts (50,000 Lumens)	$ 21.00
Metal Halide	
250 Watts (20,500 Lumens)	$ 17.45
400 Watts (36,000 Lumens)	$ 21.98
1,000 Watts (110,000 Lumens)	$ 40.01
250 Watts Mongoose (20,500 Lumens)	$ 22.76
400 Watts Mongoose (36,000 Lumens)	$ 27.78
LED:	
175 Watt Flood	$ 24.75
265 Watt Flood	$ 30.40

Per Month:	
Wood Pole	$ 3.61
Overhead Wire Span not over 150 Feet	$ 2.00
Underground Wire Lateral not over 50 Feet	$ 6.77

Per Lamp plus $0.02851 x kWh in Sheet No. 14-5 in Company's tariff

LED Conversion Charge for 84 months: $3.33/month

Flexible Lighting	
Monthly Levelized Fixed Cost Rate	1.36%
Monthly Maintenance charge	$ .80
Monthly non-fuel charge per kWh	$ .05519
Monthly Base Fuel Charge per kWh	$ .02851

TARIFF S.L.
STREET LIGHTING

Rate per Lamp:	
Overhead Service on Existing Distribution Poles	
High Pressure Sodium	
100 Watts (9,500 Lumens)	$ 7.61
150 Watts (16,000 Lumens)	$ 8.36
200 Watts (22,000 Lumens)	$ 9.90
400 Watts (50,000 Lumens)	$ 13.00
LED	
55 Watt (5,400 Lumens)	$ 8.71
100 Watt (10,500 Lumens)	$ 11.19
175 Watt (18,430 Lumens)	$ 13.34
65 Watt Post Top (7,230 Lumens)	$ 9.05
90 Watt Dec Post Top (7,038 Lumens)	$ 20.07

175 Watt Flood (21,962 Lumens)	$	14.69
Service on New Wood Distribution Poles		
High Pressure Sodium		
100 Watts (9,500 Lumens)	$	11.90
150 Watts (16,000 Lumens)	$	12.75
200 Watts (22,000 Lumens)	$	14.30
400 Watts (50,000 Lumens)	$	18.35
LED		
55 Watt (5,400 Lumens)	$	14.36
100 Watt (10,500 Lumens)	$	16.85
175 Watt (18,430 Lumens)	$	19.00
65 Watt Post Top (7,230 Lumens)	$	14.70
90 Watt Post Top (7,038 Lumens)	$	25.73
175 Watt Flood (21,962 Lumens)	$	20.35
Service on New Metal or Concrete Poles		
High Pressure Sodium		
100 Watts (9,500 Lumens)	$	24.80
150 Watts (16,000 Lumens)	$	25.70
200 Watts (22,000 Lumens)	$	27.25
400 Watts (50,000 Lumens)	$	30.35
LED		
55 Watt (5,400 Lumens)	$	25.10
100 Watt (10,500 Lumens)	$	26.78
175 Watt (18,430 Lumens)	$	28.11
65 Watt Post Top (7,230 Lumens)	$	25.85
90 Watt Post Top (7,038 Lumens)	$	36.74
175 Watt Flood (21,962 Lumens)	$	29.42

Per Lamp plus $0.02851 x kWh in Sheet No. 14-5 in Company’s tariff

LED Conversion Charge for 84 months: $2.18/month

Flexible Lighting		
Monthly Levelized Fixed Cost Rate	0.97%	
Monthly Maintenance charge	$	2.52
Monthly non-fuel charge per kWh	$	.04393
Monthly Base Fuel Charge per kWh	$	.02851

TARIFF COGEN/SPP I
COGNERATION AND/OR SMALL POWER PRODUCTION
100 KW OR LESS

Monthly Metering Charges:		Single Phase:
Standard Measurement	$	9.25
Time-of-Day Measurement	$	9.85
Polyphase:		
Standard Measurement	$	12.10
Time-of-Day Measurement	$	12.40
Energy Credit per kWh:		variable LMP at time of delivery
Capacity Credit per kW per month:		Area 3 Combustion Turbine Cone
2020/2021	$	6.74
2021/2022	$	8.09
2022/2023	$	7.89

TARIFF COGEN/SPP II
COGNERATION AND/OR SMALL POWER PRODUCTION
OVER 100 KW

Metering Charges:		
Single Phase:		
Standard Measurement	$	9.25
Time-of-Day Measurement	$	9.85
Polyphase:		
Standard Measurement	$	12.10
Time-of-Day Measurement	$	12.40
Energy Credit per kWh:		variable LMP at time of delivery
Capacity Credit per kW per month:		Area 3 Combustion Turbine Cone
2020/2021	$	6.74
2021/2022	$	8.09
2022/2023	$	7.89

RIDER A.F.S.
ALTERNATE FEED SERVICE RIDER

Monthly Rate for Annual Test of Transfer Switch/Control Module	$	15.75
Monthly Capacity Reservation Demand Charge per kW	$	6.38

RIDER D.R.S.
DEMAND RESPONSE SERVICES

Monthly Interruptible Demand Credit per kW	$	5.50

TARIFF F.T.C.
FEDERAL TAX CUT

January–March and December per kWh		
Residential	$	.02187
Nonresidential	$	.00672
April–November per kWh		
Residential	$	.00010
Nonresidential	$	.00672

NONRECURRING CHARGES

Late or Delayed Payment Charge		
Residential		0.00%
Nonresidential		5.00%
Reconnect (nonpayment during regular hours)	$	4.70
Termination or field trip	$	4.70
Returned Check Charge	$	14.65

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