



Andy Beshear
Governor

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Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
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Frankfort, Kentucky 40602-0615
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Michael J. Schmitt
Chairman

Talina R. Mathews
Commissioner

July 8, 2020

PARTIES OF RECORD

Re: Case No. 2020-00174

Attached is a copy of a memorandum, which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the memorandum, please do so within five days of receipt of this letter.

If you have any questions, please contact Nancy Vinsel, Assistant General Counsel at 502-782-2582.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kent A. Chandler".

Kent A. Chandler
Executive Director

njv

Attachment

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2020-00174
FROM: Nancy J. Vinsel, Assistant General Counsel
DATE: July 7, 2020
RE: Informal Conference of July 7, 2020

Pursuant to an Order granting Kentucky Power Company's (Kentucky Power) motion to schedule an informal conference (IC), a telephonic IC was conducted on July 7, 2020. Attached is a copy of the attendance roster.

The purpose of the IC was to discuss four filing deficiencies in Kentucky Power's rate application submitted on June 29, 2020. Kentucky Power provided documents that it proposed to file to cure the filing deficiencies. The documents are attached to this memo.

Commission Staff indicated that the documents provided cured three of the four filing deficiencies. Upon further discussion, Kentucky Proposed edits to the notice filing that Staff determined would cure the remaining filing deficiency. Kentucky Power will file a response to cure the filing deficiencies.

There being no further discussion, the IC was then adjourned.

Attachment

cc: Parties of Record

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)	
POWER COMPANY FOR (1) A GENERAL)	CASE NO.
ADJUSTMENT OF ITS RATES FOR ELECTRIC)	2020-00174
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	0	

July 7, 2020

Please sign in:

NAME	REPRESENTING
Nancy Vinsel	PSC – Legal
JEB Pinney	PSC – Legal
Tina Frederick	PSC – Legal
Ariel Miller	PSC – FA
Mary Whitaker	PSC – FA
John Rogness	PSC – FA
Keegan Arnold	PSC – FA
Travis Leach	PSC – FA
Zach Ripy	PSC – FA
Daniel Hinton	PSC – FA
Mark Overstreet	Kentucky Power
Christen Blend	Kentucky Power
Katie Glass	Kentucky Power
Brian West	Kentucky Power
Ranie Wohnhas	Kentucky Power
Lerah Scott	Kentucky Power
Scott Bishop	Kentucky Power
Alex Vaughan	Kentucky Power
Michael West	Attorney General
Larry Cook	Attorney General
Jody Kyler Cohn	KIUC

SUPPLEMENTAL NOTICE

Please Take Notice that on June 29, 2020 Kentucky Power Company (“Kentucky Power” or “Company”) filed with the Kentucky Public Service Commission (“Commission”) in Case No. 2020-00174 an application pursuant to Chapter 278 of the Kentucky Revised Statutes for authorization to adjust the rates it charges its customers on or after December 30, 2020. The Company is supplementing and amending its notice previously published beginning the week of June 22, 2020 (“Original Notice”) as shown below. Please consult the Original Notice for additional rates, charges, and terms and conditions of service that may affect, apply to, or supplement those described below.

The Original Notice remains effective except that the table below, and description of its contents, are substituted for the description and table that appeared in the original notice.

The amount of change requested in both dollar amounts and percentage change for each customer classification to which the proposed rates will apply, along with the average usage and the effect on the average bill for each customer classification to which the proposed rates will apply, are displayed in the table below:

Electric Rate Class	Average Usage (kWh)	Annual \$ Increase	Annual % Increase	Monthly Bills Increase	Monthly Bill% Increase
<u>Residential Service</u>					
Residential Service	14,890	37,128,492	16.0	23.16	16.0
Residential Load Management Time-of-Day Energy (TOD)	19,146	57,856	17.1	30.15	17.1
Residential Service Time-of-Day	19,065	2,189	20.5	30.40	20.5
Experimental Residential Service Time-of-Day	N/A	N/A	N/A	N/A	N/A
Residential Demand-Metered Electric Service	N/A	N/A	N/A	N/A	N/A
<u>General Service</u>					
General Service	19,779	8,495,543	10.7	24.74	10.7
Recreational Lighting Service	15,063	18,945	11.2	18.57	11.2
Load Management TOD	15,286	24,944	18.1	28.48	18.1
Optional Unmetered Service	2,521	48,384	7.3	2.92	7.3
Small General Service TOD	16,282	347,058	36.7	58.90	36.7
Medium General Service TOD	39,349	46,603	9.6	38.07	9.6
<u>Large General Service</u>					
Large General Service	732,483	6,691,106	10.3	744.12	10.3
Large General Service Load Management TOD	257,935	26,085	12.8	310.53	12.8

Electric Rate Class	Average Usage (kWh)	Annual \$ Increase	Annual % Increase	Monthly Bills Increase	Monthly Bill% Increase
Large General Service TOD	993,906	107,280	11.7	1,051.76	11.7
<u>Industrial Service</u>					
Industrial General Service	29,509,663	10,903,684	7.6	13,767.28	7.6
<u>All Other</u>					
Municipal Waterworks	203,647	18,104	9.1	167.63	9.1
Outdoor Lighting	768	957,688	10.8	1.48	10.8
Street Lighting	708	131,876	8.1	0.92	8.1
C.A.T.V. 2 User	N/A	N/A	N/A	N/A	N/A
C.A.T.V. 3 User	N/A	N/A	N/A	N/A	N/A
COGEN/SPP I	N/A	N/A	N/A	N/A	N/A
COGEN/SPP II	N/A	N/A	N/A	N/A	N/A

A detailed notice of all proposed revisions and a complete copy of the proposed tariffs containing the proposed text changes and rates may be obtained by submitting a written request by e-mail to kentucky_regulatory_services@aep.com or by mail to Kentucky Power Company, ATTN: Regulatory Services, 1645 Winchester Avenue, Ashland, Kentucky, 41101, or by visiting Kentucky Power's website at www.Kentuckypower.com.

A person may examine Kentucky Power's application at the offices of Kentucky Power located at 1645 Winchester Avenue, Ashland, Kentucky, at Kentucky Power's local offices, and at Kentucky Power's website at www.Kentuckypower.com. When the Commission's offices reopen to the public, a person may also examine the application at the Public Service Commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or may view and download the application through the Commission's Web site at <http://psc.ky.gov>.

Comments regarding the application may be submitted to the Public Service Commission by mail to Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, or by sending an email to the Commission's Public Information Officer at psc.info@ky.gov. All comments should reference Case No. 2020-00174.

The Company is not proposing to modify other rates and charges not included in the Original Notice. The rates contained in the Original Notice are the rates proposed by Kentucky Power, but the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. A person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party. If the Commission does not receive a

written request for intervention within thirty (30) days after the initial publication or mailing of the notice, the Commission may take final action on the application.

Kentucky Power Company
1645 Winchester Avenue
Ashland, KY 41101
800-572-1113

Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602
502-564-3940

**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

**SECTION II
SUPPLEMENTAL FILING REQUIREMENTS**

VOLUME 1 OF 1

July 7, 2020

Case No. 2020-00174
Section II
Supplemental Table of Contents

Requirement	Subject	Page Number	Exhibit
807 KAR 5:001 Section 16(4)(n)	Depreciation Study	S-1	
807 KAR 5:001 Section 16 (5)(d)	Operating Budget(s)	S-2	X
807 KAR 5:001 Section 16 (5)(e)	No. of Customers to be Added to Test Year	S-3	

Filing Requirement
807 KAR 5:001 Section 16(4)(n)

Filing Requirement:

A summary of the utility's latest depreciation study with schedules by major plant accounts, except that telecommunications utilities that have adopted the commission's average depreciation rates shall provide a schedule that identifies the current and test period depreciation rates used by major plant accounts. If the required information has been filed in another commission case, a reference to that case's number shall be sufficient;

Response:

A summary of the Company's most recent depreciation study and a copy of the study itself for Transmission, Distribution and General were included in the testimony and exhibits of Company Witness Davis in Case No. 2014-00396.

A summary of the Company's most recent depreciation study and a copy of the study itself for Steam Production (Big Sandy Unit 1) were included in the testimony and exhibits of Company Witness Cash in Case No. 2017-00179.

Filing Requirement
807 KAR 5:001 Section 16(5)(d)

Filing Requirement:

The operating budget for each month of the period encompassing the pro forma adjustments;

Response:

Kentucky Power's operating budget for each month of the period encompassing the pro forma adjustments is included as Exhibit X to Section II of the Application.

Filing Requirement
807 KAR 5:001 Section 16(5)(e)

Filing Requirement:

The number of customers to be added to the test period end level of customers and the related revenue requirements impact for all pro forma adjustments with complete details and supporting work papers.

Response:

The requested information does not exist. Kentucky Power's customer count is declining and there are no customers to be added to the test period end level of customers; nor is there any related revenue requirement impact to any pro forma adjustments resulting from adding customers to the test period end level of customers. Please see Application, Section II, Exhibit J, p. 2 ("Customer Specific Revenue" and "Customer Annualization Revenue" Columns).

Income Stmt. - Detail
2020 Control Budget
(\$000)

2020 Control Budget	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Year 2020
<i>Kentucky Power</i>													
REVENUES													
Revenue - Retail Sales	53,551	48,738	46,740	37,749	41,164	40,041	43,464	45,452	40,012	40,516	46,804	51,111	535,341
Revenue - Transmission	1,726	1,580	1,672	1,620	1,669	768	1,679	1,689	1,600	1,657	1,601	1,661	18,922
Revenue - Sales for Resale	5,159	5,852	1,934	3,006	4,999	4,770	8,350	6,225	2,201	4,368	2,361	3,931	53,157
Revenue - Other Operating	1,368	1,405	1,372	1,314	1,294	1,241	1,281	1,345	1,295	1,399	1,190	1,273	15,776
TOTAL OPERATING REVENUES	61,805	57,575	51,718	43,689	49,125	46,821	54,774	54,712	45,108	47,939	51,955	57,976	623,196
FUEL & PURCHASED POWER EXPENSES													
Total Fuel for Electric Generation	13,819	12,177	9,283	9,403	11,381	11,909	13,989	12,452	7,182	10,358	8,226	11,841	132,021
Total Purchased Power	9,834	10,909	9,737	8,363	7,398	9,553	11,220	10,863	11,307	9,372	11,139	11,735	121,429
Total Cost of Sales	23,653	23,086	19,020	17,767	18,779	21,461	25,209	23,316	18,489	19,729	19,365	23,575	253,450
GROSS MARGIN													
	38,152	34,489	32,699	25,922	30,346	25,359	29,565	31,396	26,619	28,210	32,590	34,400	369,747
OPERATING EXPENSES													
Total Operational and Maintenance Expenses	13,725	13,523	13,802	14,211	13,786	13,388	13,928	14,404	14,487	13,751	13,806	13,355	166,166
Depreciation & Amortization	8,313	8,401	8,540	8,680	8,686	8,847	8,593	8,910	9,132	9,170	9,196	9,120	105,587
Taxes Other Than Income Taxes	2,546	2,542	2,542	2,545	2,546	2,548	2,543	2,542	2,542	2,543	2,543	2,543	30,524
TOTAL OPERATING EXPENSES	24,584	24,466	24,885	25,436	25,017	24,782	25,064	25,856	26,162	25,463	25,544	25,017	302,277
OPERATING INCOME	13,568	10,023	7,814	486	5,329	577	4,501	5,540	458	2,746	7,046	9,383	67,470
NON-OPERATING INCOME/(EXPENSES)													
Total Interest & Dividend Income	5	8	6	3	5	75	2	2	4	2	2	2	116
Interest & Dividend Carrying Charges	1	(1)	(1)	(2)	1	(1)	2	2	(7)	(5)	(3)	3	(11)
Other Pension Components	296	296	296	296	296	296	296	296	296	296	296	296	3,555
AFUDC Equity		73	305	324	310	297	275	255	263	267	265	249	2,884
INTEREST EXPENSE													
Total Interest Charges	3,143	3,148	3,201	3,186	3,322	2,957	3,699	3,333	3,379	3,317	3,294	3,393	39,372
INCOME BEFORE INCOME TAXES and EQUITY EARNINGS	10,727	7,252	5,219	(2,079)	2,619	(1,713)	1,377	2,762	(2,365)	(11)	4,312	6,541	34,642
INCOME TAXES and EQUITY EARNINGS													
Total Income Taxes	(1,044)	(709)	(513)	191	(262)	156	(142)	(276)	218	(8)	(425)	(640)	(3,454)
Equity Earnings of Subs													
INCOME AFTER INCOME TAXES and EQUITY EARNINGS	11,771	7,961	5,732	(2,270)	2,881	(1,868)	1,520	3,038	(2,583)	(2)	4,737	7,181	38,096
Extraordinary Income / (Expenses)													
NET INCOME	11,771	7,961	5,732	(2,270)	2,881	(1,868)	1,520	3,038	(2,583)	(2)	4,737	7,181	38,096

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