

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ELECTRONIC EXAMINATION OF THE	)	
APPLICATION OF THE FUEL ADJUSTMENT	)	CASE NO.
CLAUSE OF KENTUCKY POWER COMPANY	)	2021-00053
FROM NOVEMBER 1, 2018 THROUGH OCTOBER	)	
31, 2020	)	

ORDER

Pursuant to 807 KAR 5:056, the Commission, on March 4, 2021, established this case to review and evaluate the operation of the Fuel Adjustment Clause (FAC) of Kentucky Power Company (Kentucky Power) for the period from November 1, 2018, through October 31, 2020, and to determine the amount of fuel costs that should be included in its base rates.

In establishing this review, the Commission ordered Kentucky Power to submit certain information concerning its fuel procurement, fuel usage, and the operation of its FAC. Kentucky Power submitted this information on March 22, 2021, and filed responses to Commission Staff's Second Request for Information on April 19, 2021. Kentucky Power also filed supplemental documentation to the information on May 7, 2021. A public hearing was held on May 18, 2021. Kentucky Power filed responses to Commission Staff's post-hearing data request on May 26, 2021. There are no intervenors in this proceeding.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that during the period under review, Kentucky Power has

complied with the provisions of 807 KAR 5:056. The Commission further finds no evidence of improper calculation or application of Kentucky Power's FAC charges or improper fuel procurement practices for the last six months of the period under review, from May 1, 2020, to October 31, 2020.

### Base Fuel Cost

Kentucky Power is proposing to decrease the amount of fuel costs included in base rates and proposes that the month of February 2020 and a base fuel cost of \$0.02612<sup>1</sup> be used as the base period for the purpose of arriving at the base fuel cost and the kilowatt-hour (kWh) sales components of its FAC.<sup>2</sup> Given that Kentucky Power's current base fuel cost is \$0.02851<sup>3</sup> per kWh, the proposal would result in a decrease of \$0.00239 per kWh. Kentucky Power states that February 2020 was selected as the proposed base period because, during the review period, the fuel cost for February 2020 most closely approximates the median fuel cost. February 2020 was the month that most closely approximated the midpoint of the projected fuel costs for 2021 and 2022 at \$0.02595 per kWh.<sup>4</sup>

When establishing the appropriate level of base fuel cost to be included in Kentucky Power's rates, the Commission must determine whether the proposed base period cost per kWh is representative of the level of fuel cost currently being

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<sup>1</sup> Kentucky Power's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Mar. 22, 2021), Item 23.

<sup>2</sup> Kentucky Power last made a change to the fuel cost included in base rates in Case No. 2019-00002, *An Examination of the Application of the Fuel Adjustment Clause of Kentucky Power Company from November 1, 2016 Through October 31, 2018* (Ky. PSC Dec. 26, 2015).

<sup>3</sup> Kentucky Power's Response to Staff's First Request, Item 23.

<sup>4</sup> See the Direct Testimony of Brian K. West (filed Mar. 22, 2021), at 8.

experienced by Kentucky Power. An analysis of Kentucky Power's monthly fuel clause filings illustrates that the fuel cost billed for the two-year review period range from a low of \$0.01710<sup>5</sup> per kWh in May 2020, to a high of \$0.03526<sup>6</sup> per kWh in November 2018, with an average cost billed for the period of \$0.02580 per kWh.<sup>7</sup> Based upon its review, the Commission finds that the proposed base period fuel cost of \$0.02612 per kWh should be approved.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by Kentucky Power through the FAC for the period from November 1, 2018, through October 31, 2020, are approved.
2. Kentucky Power's proposed base fuel cost of \$0.02612 per kWh is approved.
3. Kentucky Power shall decrease its base energy rates by \$0.00239 per kWh to reflect the reestablishment of base fuel costs.
4. The rates in the Appendix to this Order are approved effective with service rendered on and after August 1, 2021. The rates in the Appendix to this Order are designed to reflect the decrease of \$0.00239 per kWh to base energy rates, which is the differential between the old base fuel cost of \$0.02851 per kWh and the new base fuel cost of \$0.02612 per kWh.
5. Beginning with the expense month for August 2021, Kentucky Power shall use a FAC rate based upon a base fuel cost of \$0.02612 per kWh.

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<sup>5</sup> *Id.* at 6.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

6. Within 20 days of the date of this Order, Kentucky Power shall file, using the Commission's electronic Tariff Filing System, its revised tariff sheets with the Commission setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

7. This case is closed and removed from the Commission's docket.

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By the Commission



ATTEST:

  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2021-00053 DATED AUG 02 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 the authority of this Commission prior to the effective date of this Order.

TARIFF R.S.  
RESIDENTIAL SERVICE

Energy Charge per kWh	\$	0.10799
Storage Water Heating per kWh		
For Minimum Capacity of 80 gallons	\$	0.07888
For Minimum Capacity of 100 gallons	\$	0.07888
For Minimum Capacity of 120 gallons	\$	0.07888
Load Management Water Heating per kWh	\$	0.07888

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

Energy Charge per kWh:		
All kWh used during on-peak billing period	\$	0.14534
All kWh used during off-peak billing period	\$	0.07888

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

Energy Charge per kWh:		
All kWh used during on-peak billing period	\$	0.14534
All kWh used during off-peak billing period	\$	0.07888

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

Energy Charge per kWh:		
All kWh used during summer on-peak billing period	\$	0.18849
All kWh used during winter on-peak billing period	\$	0.16352
All kWh used during off-peak billing period	\$	0.09085

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

Energy Charge per kWh:		
All kWh used during on-peak billing period	\$	0.12354
All kWh used during off-peak billing period	\$	0.07888

TARIFF G.S.  
GENERAL SERVICE

Secondary Service:

Energy Charge per kWh:		
First 4,450 kWh per month	\$	0.10907
Over 4,450 kWh per month	\$	0.10201

Primary Service:

Energy Charge per kWh:		
First 4,450 kWh per month	\$	0.09574
Over 4,450 kWh per month	\$	0.08993

Subtransmission Service:

Energy Charge per kWh:		
First 4,450 kWh per month	\$	0.08663
Over 4,450 kWh per month	\$	0.08141

TARIFF G.S.  
GENERAL SERVICE  
RECREATIONAL LIGHTING SERVICE PROVISION

Energy Charge per kWh	\$	0.10838
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TARIFF G.S.  
GENERAL SERVICE  
LOAD MANAGEMENT TIME-OF-DAY PROVISION

Energy Charge per kWh:		
All kWh used during on-peak billing period	\$	0.15908
All kWh used during off-peak billing period	\$	0.07915

TARIFF G.S.  
GENERAL SERVICE  
OPTIONAL UNMETERED SERVICE PROVISION

Energy Charge per kWh:		
First 4,450 kWh per month	\$	0.10907
Over 4,450 kWh per month	\$	0.10201

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

Energy Charge per kWh:		
All kWh used during summer on-peak billing period	\$	0.20846
All kWh used during winter on-peak billing period	\$	0.18172
All kWh used during off-peak billing period	\$	0.11279

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

Energy Charge per kWh:		
All kWh used during on-peak billing period	\$	0.15908
All kWh used during off-peak billing period	\$	0.07915

TARIFF L.G.S.  
LARGE GENERAL SERVICE

<u>Secondary Service Voltage:</u>		
Energy Charge per kWh	\$	0.08432
 <u>Primary Service Voltage:</u>		
Energy Charge per kWh	\$	0.07356
 <u>Sub-transmission Service Voltage:</u>		
Energy Charge per kWh	\$	0.05230
 <u>Transmission Service Voltage:</u>		
Energy Charge per kWh	\$	0.05085

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

Energy Charge per kWh:		
All kWh used during on-peak billing period	\$	0.14426
All kWh used during off-peak billing period	\$	0.07888

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

<u>Secondary Service Voltage:</u>		
Energy Charge:		
On-Peak Energy Charge per kWh	\$	0.10284
Off-Peak Energy Charge per kWh	\$	0.05360



Primary Service Voltage:

Energy Charge:

On-Peak Energy Charge per kWh	\$	0.10142
Off-Peak Energy Charge per kWh	\$	0.05318

Sub-transmission Service Voltage:

Energy Charge:

On-Peak Energy Charge per kWh	\$	0.10055
Off-Peak Energy Charge per kWh	\$	0.05293

Transmission Service Voltage:

Energy Charge:

On-Peak Energy Charge per kWh	\$	0.09969
Off-Peak Energy Charge per kWh	\$	0.05267

TARIFF I.G.S.  
INDUSTRIAL GENERAL SERVICE

Secondary Service Voltage:

Energy Charge per kWh	\$	0.02698
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Primary Service Voltage:

Energy Charge per kWh	\$	0.02660
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Sub-transmission Service Voltage:

Energy Charge per kWh	\$	0.02635
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Transmission Service Voltage:

Energy Charge per kWh	\$	0.02612
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TARIFF M.W.  
MUNICIPAL WATERWORKS

Energy Charge - All kWh per kWh	\$	0.09800
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TARIFF O.L.  
OUTDOOR LIGHTING

Per Lamp plus \$0.02612 x kWh in Sheet No. 14-5 in Company's tariff

TARIFF S.L.  
STREET LIGHTING

Per Lamp plus \$0.02612 x kWh in Sheet No. 15-4 in Company's tariff

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