

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)	CASE NO.
PRACTICES TO ESTABLISH REGULATORY)	2023-00159
ASSETS AND LIABILITIES; (4) A)	
SECURITIZATION FINANCING ORDER; AND (5))	
ALL OTHER REQUIRED APPROVALS AND)	
RELIEF)	

ORDER

On July 13, 2023, Kentucky Power Company (Kentucky Power) filed an application seeking, among other items, “approval of a general adjustment of its electric rates[.]”¹ Kentucky Power’s Application requested authorization to increase Kentucky Power’s “electric base rate revenue by \$93,935,727,” an “approximately 13.6 percent increase above the test-year retail sales revenues of \$694,002,526.”² Relevant to this Order, Kentucky Power’s application reasoned that the rates in place at the time of application did not allow it to operate effectively and provided less return on equity than was supported in the application.³

Following an extensive administrative review, involving multiple intervenors, several rounds of propounded questions on Kentucky Power, and a hearing, the

¹ Application at 1.

² Application at 10; Final Order (Ky. PSC Jan. 19, 2024) at 2.

³ Application at 8-9; Final Order (Ky. PSC Jan. 19, 2024) at 3.

Commission issued an Order in this case.⁴ In the Commission’s January 19, 2024 Order, the Commission ultimately found that an increase in base rate revenues of \$60.032 million was fair, just and reasonable.⁵ As part of the reduction in Kentucky Power’s proposed increase to base rates, the Commission accepted the test year amount of \$122.2 million in annual PJM LSE OATT expense.⁶ However, the Commission found Kentucky Power’s adjustment of \$14.2 million to the annual PJM LSE OATT expense was unreasonable.⁷ Additionally, the Commission reduced the recoverable portion of Kentucky Power’s rate case expense adjustment by \$64,000.⁸

After the Commission issued its Order in this case, Kentucky Power appealed the Commission’s disallowance of the \$14.2 million in annual PJM LSE OATT expense and rate case expense to Franklin Circuit Court.⁹ On January 22, 2025, the Franklin Circuit Court reversed the Commission’s findings on the annual PJM LSE OATT expense and the rate case expense reductions, stating that: “[t]his matter is remanded to the Commission with directions to enter an order, within 30 days of the date of entry,

⁴ Notably, Kentucky Power’s Application also sought approval of securitization which the Commission approved with modifications in a separate Order also filed in this case. Financing Order (Ky. PSC Jan. 10, 2024).

⁵ Final Order (Ky. PSC Jan. 19, 2024) at 39.

⁶ Final Order (Ky. PSC Jan. 19, 2024) at 36.

⁷ Final Order (Ky. PSC Jan. 19, 2024) at 37.

⁸ Final Order (Ky. PSC Jan. 19, 2024), Appendix B.

⁹ *Kentucky Power Company v. Public Service Commission of Kentucky, et al.*, Franklin Circuit Court Civil Action 24-CI-00160, filed Aug. 30, 2024.

consistent with the findings, including setting rates to allow Kentucky Power to recover the \$14.2 million annual Transmission Expense adjustment.”¹⁰

KRS 278.450 provides, in relevant part, that when reviewing an Order of the Commission:

[T]he Circuit Court shall enter a judgment either sustaining the order of the commission or setting it aside or vacating it in whole or in part, or modifying it, or remanding it to the commission with instructions.

The Franklin Circuit Court, pursuant to KRS 278.450, has remanded the Commission’s Order with instructions to set rates to allow the recovery of the annual PJM OATT expense and certain previously excluded rate case expenses. Therefore, consistent with the Franklin Circuit Court’s January 22, 2025 Order, the Commission finds that it should amend its January 19, 2024 Order in this case to include the recovery in base rates of the \$14.2 million adjustment in annual PJM LSE OATT expense as well as the recovery of \$64,000 in rate case expense. Based upon other test year amounts, the Commission finds that the rates as shown in the Appendix to this Order comply with the instructions from the Franklin Circuit Court and should be effective for service rendered on and after the date of entry of this Order. All other rates and charges not specifically mentioned in the Appendix to this Order shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

IT IS THEREFORE ORDERED that:

1. The rates and charges as set forth in the Appendix to this Order are approved for service rendered on or after the date of this Order.

¹⁰ *Kentucky Power Company v. Public Service Commission of Kentucky, et al.*, Franklin Circuit Court Civil Action 24-CI-00160, Jan. 22, 2025 Order at 11.

2. 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.

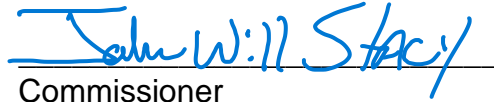
3. This case shall remain open for further related proceedings.

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PUBLIC SERVICE COMMISSION



Chairman



Commissioner



Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2023-00159 DATED FEB 21 2025

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.

Residential Service - RS

Service Charge \$24.50 per month

Energy Charge 11.652 cents per kWh

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