

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF KENTUCKY	)	CASE NO.
POWER COMPANY TO REVISE ITS	)	2024-00305
INDUSTRIAL GENERAL SERVICE TARIFF	)	

ORDER

On August 30, 2024, Kentucky Power Company (Kentucky Power) filed, through the Commission’s electronic Tariff Filing System, to revise its Industrial General Service Tariff (Tariff I.G.S). The proposed revisions would be applicable to new commercial and industrial customers requesting service on or after September 30, 2024, and who have contract demands of at least 150 MW. No current Kentucky Power customers would be affected. Kentucky Power proposed an effective date of September 30, 2024.

A procedural schedule was established in this case on September 26, 2024, to ensure timely processing of this case and suspended the effective date of the tariff for further investigation.<sup>1</sup> On October 3, 2024, the Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention (Attorney General), was granted intervention.<sup>2</sup> On October 24, 2024, Kentucky Industrial Utility Customers, Inc. (KIUC) was granted intervention.<sup>3</sup> Kentucky Power responded to one request for

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<sup>1</sup> Order (Ky. PSC Sept. 26, 2024).

<sup>2</sup> Order (Ky. PSC Oct. 3, 2024).

<sup>3</sup> Order (Ky. PSC Oct. 24, 2024).

information from Commission Staff.<sup>4</sup> Kentucky Power also responded to one request for information from the Attorney General.<sup>5</sup>

On December 5, 2024, Kentucky Power filed a request to submit this matter for decision on the record and without a hearing.<sup>6</sup> The Attorney General filed a response on December 5, 2024, stating no objections.<sup>7</sup> No other responses regarding Kentucky Power's motion to submit were filed. Kentucky Power's request to submit the matter for decision on the record was granted, and the procedural schedule established on September 26, 2024, was amended by Order dated December 20, 2024, to allow for filing of briefs.<sup>8</sup> Kentucky Power<sup>9</sup> and the Attorney General<sup>10</sup> filed briefs on January 17, 2025. On January 18, 2025, KIUC filed its brief<sup>11</sup> along with a motion to file out of time.<sup>12</sup> The motion was granted by Order dated January 28, 2025.<sup>13</sup> On February 6, 2025, all the

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<sup>4</sup> Kentucky Power's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Oct. 31, 2024).

<sup>5</sup> Kentucky Power's Response to the Attorney General's First Request for Information (Attorney General's First Request) (filed Oct. 31, 2024).

<sup>6</sup> Kentucky Power's Request to Submit on the Record (filed Dec. 5, 2024).

<sup>7</sup> Attorney General's Response to Request to Submit on the Record (filed Dec. 5, 2024).

<sup>8</sup> Order (Ky. PSC Dec. 20, 2024).

<sup>9</sup> Kentucky Power's Initial Brief (filed Jan. 17, 2025).

<sup>10</sup> Attorney General's Initial Brief (filed Jan. 17, 2025).

<sup>11</sup> KIUC's Initial Brief (filed Jan. 18, 2025).

<sup>12</sup> KIUC's Motion to File Out of Time (Jan. 18, 2025).

<sup>13</sup> Order (Ky. PSC Jan. 28, 2025).

parties participated in an Informal Conference (IC).<sup>14</sup> No response briefs have been filed. The matter now stands submitted to the Commission for a decision.

### LEGAL STANDARD

KRS 278.030 provides that a utility may collect fair, just and reasonable rates and that the service it provides must be adequate, efficient and reasonable.<sup>15</sup>

### BACKGROUND

Kentucky Power's proposed Tariff I.G.S. revision aims to establish new conditions for large-load customers with contract demands of at least 150 MW.<sup>16</sup> The tariff revisions are intended to ensure financial stability for Kentucky Power and its customers by requiring long-term commitments and financial safeguards for new large-load customers. Kentucky Power proposed to accomplish this by adding the following provisions to Tariff I.G.S.:

- a) A 20-year contract term with a 5-year notice period for termination.<sup>17</sup>
- b) A minimum monthly billing demand of at least 90 percent of the customer's highest established demand.<sup>18</sup>
- c) A requirement to provide collateral equal to 24 times the customer's previous maximum monthly non-fuel bill, subject to review and adjustments.

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<sup>14</sup> The IC was originally noticed for Case No. 2024-00289 *Electronic Tariff Filing Of Kentucky Power Company To Revise Its Industrial General Service Tariff* (filed Aug. 30, 2024) and included discussion of this case. All parties were present and a memorandum was filed in this matter.

<sup>15</sup> KRS 278.030.

<sup>16</sup> Kentucky Power Tariff Filing (filed Aug. 30, 2024) at 1.

<sup>17</sup> Kentucky Power Tariff Filing at 1.

<sup>18</sup> Kentucky Power Tariff Filing at 2.

d) A one-time payment equal to five years of minimum billing in the event of a permanent closure before the contract term expires.<sup>19</sup>

e) A five-year notice requirement for reducing contract capacity, with exceptions for mutual agreement.<sup>20</sup>

### INTERVENOR COMMENTS

The Attorney General supports the proposed tariff revisions, emphasizing that these requirements protect existing customers from bearing the financial burden of infrastructure investments required to serve speculative large-load customers.<sup>21</sup> The Attorney General urged the Commission to ensure that these requirements are sufficient to shield existing customers from increased rates associated with these costs.<sup>22</sup>

KIUC also supports Kentucky Power's tariff revisions, stating that they provide financial safeguards for existing customers by mitigating potential cost shifts from speculative large-load projects.<sup>23</sup> KIUC, however, recommended that the tariff explicitly clarify that these provisions apply only to customers adding at least 150 MW of incremental load (i.e., non-current) after September 30, 2024.<sup>24</sup> KIUC argued that existing Tariff I.G.S. customers should be exempt unless they add 150 MW or more of

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<sup>19</sup> Kentucky Power Tariff Filing at 2.

<sup>20</sup> Kentucky Power Tariff Filing at 2.

<sup>21</sup> Attorney General's Initial Brief at 1.

<sup>22</sup> Attorney General's Initial Brief at 1.

<sup>23</sup> KIUC's Initial Brief at 2.

<sup>24</sup> KIUC's Initial Brief at 3.

incremental load.<sup>25</sup> This recommendation aims to prevent unintended cost burdens on Kentucky Power's current customer base.

### FINDINGS

The Commission finds that Kentucky Power's proposed tariff revisions are reasonable and should be approved with modifications consistent with KIUC's position. Specifically, the revised Tariff I.G.S. shall apply only to large-load customers adding 150 MW or more of incremental load on or after the date of this Order. This ensures that existing IGS customers will not be subject to the new provisions unless they expand their load by 150 MW or more.

The Commission further finds that the tariff provisions appropriately balance Kentucky Power's need to ensure financial stability when taking on large-load customers and the need to protect existing customers from potential stranded costs. The requirement for long-term contractual commitments and financial collateral provides necessary safeguards for both Kentucky Power and its customers while allowing Kentucky Power to maintain system reliability.

IT IS THEREFORE ORDERED that:

1. Kentucky Power's proposed revisions to Tariff I.G.S. are approved as modified herein.
2. The tariff provisions shall apply only to existing customers adding 150 MW or more of incremental load or new customers 150 MW or more of incremental load on or after the date of this Order.

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<sup>25</sup> KIUC's Initial Brief at 3.

3. Within 20 days of the date of service of this Order, Kentucky Power shall file with the Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the provisions approved by this Order and its effective date, and also stating that the provisions were authorized by this Order.

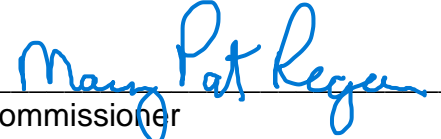
4. This case is closed and removed from the Commission's docket.

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PUBLIC SERVICE COMMISSION

  
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Chairman

  
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Commissioner

  
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Commissioner

ATTEST:

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Executive Director

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