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Angie Hatton
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December 20, 2024

PARTIES OF RECORD

Re: Case No. 2024-00344

Notice is given to all parties that the attached Kentucky Power Company Informal Conference Memorandum and attendance list has been filed into the record of this proceeding.

If you have any comments you would like to make regarding the contents of the document, please do so within five days of receipt of this letter. If you have any questions, please contact Moriah Tussey, Assistant General Counsel, at Moriah.Tussey@ky.gov.

Sincerely,

A handwritten signature in blue ink that reads "Linda C. Bridwell" followed by a stylized initial "CB".

Linda C. Bridwell, PE
Executive Director

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2024-00344

FROM: Moriah Tussey, Asst. General Counsel

DATE: December 20, 2024

RE: Informal Conference of December 17, 2024

Pursuant to a procedural schedule Order issued on November 27, 2024, an informal conference (IC) was conducted on December 17, 2024. Attached is a copy of the attendance roster.

The purpose of the IC was to discuss Kentucky Power's application for implementation of Advanced Metering Infrastructure (AMI). Steve Blankenship discussed what AMI was generally and the manufacturer chosen by Kentucky Power through a competitive bidding process. The actual depreciation expense will be affected by a new depreciation study and addressed in the next rate case, the timing of which is yet to be determined. Kentucky Power expressed a hope that the slow roll-out of the AMI would allow for the wireless communication network to improve.

Stevi Coburn, with Kentucky Power, discussed the affect of the AMI installation on the customer experience. Kentucky Power will have an Enhanced Engagement Platform. She demonstrated some of the information that will be able to be provided to the customer including personalized tips for customer savings, also will make suggestions for actionable changes in energy use to produce cost savings. At some point, the portal will allow for notifications to a customer for when to expect a higher than normal bill.

Tanner Wollfram addressed the financial aspects of the application including the request for a regulatory asset. Mr. Wollfram was unsure if Kentucky Power had any head room left on the approved indebtedness from 2023 but stated that he could provide such information in a data request.

Parties noted that the first round of data request responses were due on Dec. 20, 2024 and that should any other information be needed, it could be provided in the next the next request. In addition to the head room on the indebtedness, Kentucky Power discussed providing the number of online accounts in the sub-categories of phone, email. Kentucky Power also mentioned attempting to determine what the notification of higher bill meant in terms of a threshold for that notification.

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

cc: Parties of Record

PSC INFORMAL CONFERENCE SIGN IN SHEET

CASE NUMBER: IC 2024-00344 KENTUCKY POWER CO.

LOCATION: Microsoft Teams

DATE: December 17, 2024 10:00am

NAME	COMPANY
Stephen Blankeship	AEP
Lerah Kahn	Kentucky Power
Mitchell Pollard	PSC
Jeffrey Newcomb	Kentucky Power
Wright Williams	PSC
Stevi Coburn	Kentucky Power
Katie Glass	Stites & Harbison
Taylor Aubrey	PSC
Peter Bostrom	PSC
Kayleigh Riley	PSC
Christian Everly	PSC
Kenneth Gish	Stites & Harbison
Brian Thomas	PSC
John Rogness	PSC
William Coston	PSC

2024 Delta Rate Case Technical Conference December 17, 2024



Revenue Requirement		<u>2024-00346</u>		<u>2021-00185</u>		
Rate Base		\$ 180,570,376		\$ 134,146,926		35%
Rate Base Equity %		52.76%		51.71%		2%
Return on Equity		10.95%		9.25%		18%
Rate Base Debt %		47.24%		46.53%		
Cost of Debt		4.51%		4.15%		9%
Equity Return		\$ 10,434,220		\$ 6,326,301		
Income Taxes		2,481,058		1,072,730		
Interest Expense		3,845,087		2,702,501		42%
Depreciation		13,171,785		9,903,030		33%
Purchased Gas		16,227,683		16,227,683	*	
Expenses & TOTI		<u>23,480,950</u>		<u>18,942,305</u>		24%
Net Revenue Requirement		\$ 69,640,783		\$ 55,174,550		
Less: PRP Revenue Requirement		<u>\$ 2,041,918</u>		<u>\$ -</u>		
Base Revenue Requirement		\$ 67,598,865		\$ 55,174,550		
Existing Base Revenue		<u>\$ 56,689,352</u>		<u>\$ 49,677,467</u>	*	
Proposed Rate Increase		<u>\$ 10,909,513</u>		<u>\$ 5,497,083</u>		
Increase Percent		<u>19.02%</u>		<u>11.07%</u>		

* 2021 Gas Cost adjusted to 2024 level for comparability

Test Periods and Overall Assumptions

Base Period 6 months actual 6 months budget



Fully Projected Future Test Period



- 2025 Budget (completed October 2025)
- Payroll inflated 1.5% from 2025 budget, assuming 3% annual rate from Calendar 2025 to FPFTP ending June 2026
- Other O&M inflated 1%

Significant Adjustments

- Net Revenue—Temperature Adjustment for Months without a WNA increase revenue \$235,000
- Rate Case Amortization—Assume \$333,000 expense for 3 years
- IRS Repairs Project Amortization—Assume \$54,300 expense for 3 years for regulatory asset
- Overheads allocation—Reduce by \$1,107,000 due to projected decrease in construction levels
- Depreciation Expense, Taxes other Than Income taxes calculated based on projected capital construction and payroll

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