

APR 27 2026**PUBLIC SERVICE
COMMISSION**

From: [REDACTED]
To: [PSC Executive Director](#)
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Submitted by: Zachary Tackett, on behalf of concerned ratepayers in Eastern Kentucky

I. Opening Statement

To the extent these concerns relate to the issues currently under rehearing, I respectfully request that the Kentucky Public Service Commission consider them within the scope of the reopened proceeding.

I submit this comment not to relitigate the Commission's prior Order, but to raise a narrow issue regarding the **timing and completeness of the evidentiary record**, particularly in light of the Commission's determination that a management audit of Kentucky Power is warranted.

II. Governing Standard

Under KRS 278.030, the Commission is required to ensure that rates are **fair, just, and reasonable**.

This obligation necessarily depends on rates being supported by a **complete and reliable evidentiary foundation**, especially where ratepayers are being asked to bear additional financial burden.

III. Significance of the Commission-Ordered Audit

The Commission has ordered a management audit pursuant to KRS 278.255 to examine:

- Management practices
- Cost controls
- Operational efficiency

Each of these areas directly influences:

- The prudence of costs
- The level of expenses embedded in current rates

While the audit may include forward-looking elements, it also inherently evaluates practices that impact the costs currently being recovered from ratepayers.

IV. Material Uncertainty and Ratepayer Impact

I do not contend that the existing record was insufficient for the Commission's initial determination.

However, the decision to order a management audit reflects that:

- **Material questions remain regarding efficiency and cost structure**

As a result:

The pending audit introduces uncertainty as to whether all costs underlying current rates are fully efficient and appropriately incurred.

Because management practices and cost controls directly affect overall costs:

Even modest inefficiencies, when applied across the utility's revenue requirement, can have a **meaningful cumulative impact on ratepayers.**

V. Burden of Proof and Ongoing Validation

The utility bears the burden of demonstrating that its rates are reasonable.

Where the Commission has determined that further review of:

- Spending practices
- Management efficiency

is necessary:

Full validation of those costs remains **subject to completion of that review**.

This is not an allegation of wrongdoing, but recognition of the Commission's own determination that **additional scrutiny is appropriate**.

VI. Timing, Risk, and Available Flexibility

The record reflects that Kentucky Power has access to mechanisms that provide flexibility in cost recovery, including:

- Deferred accounting
- Regulatory asset treatment
- Phased recovery

This comment does not advocate for indefinite delay.

Rather:

Limited, targeted flexibility could be used to bridge the period until audit findings provide greater clarity.

A measured approach to timing:

- Reduces the risk of premature cost recovery
- Preserves the utility's financial stability

Absent such an approach:

Ratepayers may bear costs that cannot be fully remedied after the fact.

VII. Balanced Regulatory Approach

I recognize:

- The importance of system reliability
- The necessity of recovering prudently incurred costs

At the same time:

The Commission has a statutory duty to protect ratepayers from **unjust or unreasonable charges**.

A measured approach to timing allows the Commission to fulfill both responsibilities.

VIII. Limiting Principle

This comment is not intended to establish a general rule.

Rather:

This is a **specific circumstance** in which the Commission itself has identified the need for a management audit, making a cautious approach to rate implementation appropriate.

IX. Requested Considerations

I respectfully ask the Commission to consider:

1. Whether modification or reconsideration of timing is appropriate; or
2. Whether phased or delayed implementation may be warranted pending audit findings; or
3. Whether a mechanism should be established to adjust rates following the audit, including:
 - Returning identified savings to ratepayers
 - Ensuring rates reflect verified cost efficiency

X. Closing Statement

I do not dispute the utility's right to recover prudently incurred costs.

However, where the Commission has determined that additional review of management practices and cost controls is necessary, it is reasonable to ensure that **rate**

implementation aligns with a fully validated record.

A measured approach to timing reduces risk to ratepayers while preserving regulatory balance.

These concerns reflect broader questions being raised by ratepayers and local communities across Eastern Kentucky regarding transparency, timing, and cost accountability.

I respectfully request that this comment be included in the official record of Case No. 2025-00257 and considered by the Commission in its deliberations.

I also welcome any guidance the Commission may provide regarding how members of the public can continue to constructively participate in this process

