

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY)	
POWER COMPANY FOR AUTHORITY)	CASE NO.
PURSUANT TO KRS 278.300 TO ISSUE AND)	2025-00059
SELL PROMISSORY NOTES OF ONE OR MORE)	
SERIES AND FOR OTHER AUTHORIZATION)	

ORDER

On March 12, 2025, Kentucky Power Company (Kentucky Power) filed an application pursuant to KRS 278.300 requesting authorization to issue and sell promissory notes of one or more series in the aggregate amount of \$600,000,000 and for other related relief. Kentucky Power requested that the Commission issue a final Order in this matter no later than May 12, 2025.¹

KRS 278.300(2) provides that the Commission must adjudicate an application for authority to issue an evidence of indebtedness within 60 days of the date that the application was filed. KRS 278.300(2) also provides that the Commission can continue its review of the application for longer than 60 days upon a showing of good cause.

Based upon a review of the application, the Commission finds that, at this time, extending the statutory deadline does not appear to be necessary.

¹ Application at 1.

The Commission further finds that a procedural schedule should be established for the orderly processing of this case. The procedural schedule is attached as Appendix A to this Order.

Additionally, any hearing scheduled in this matter shall be held on the designated day or days and continued until called from the bench by the presiding officer. Pursuant to 807 KAR 5:001, Section 2, if the hearing is not concluded on the designated day, the hearing may be continued upon verbal announcement by the presiding officer. A verbal announcement made by the presiding officer shall be proper notice of the continued hearing. Hearings are held at the offices of the Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky. Witnesses who sponsor schedules, testimony, or responses to requests for information are expected to participate in person at a hearing.

In addition, Kentucky Power shall file on or before the date set forth in the procedural schedule its responses to the Commission Staff's Request for Information, attached to this Order as Appendix B, and shall respond to any future requests for information propounded by Commission Staff by the date or dates set forth on any such requests.

IT IS THEREFORE ORDERED that:

1. The procedural schedule set forth in Appendix A to this Order shall be followed.
2. On or before the date set forth in the procedural schedule, Kentucky Power shall file its responses to the Commission Staff's request for information, attached to this Order as Appendix B.

3. Kentucky Power shall respond to any additional requests for information propounded by Commission Staff as provided in those requests.

4. Any party filing a paper with the Commission shall file an electronic copy in accordance with the electronic filing procedures set forth in 807 KAR 5:001, Section 8. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked. The Commission directs the parties to the Commission's July 22, 2021 Order in Case No. 2020-00085² regarding filings with the Commission.

5. As set forth in 807 KAR 5:001, Section 4(11)(a), a person requesting permissive intervention in a Commission proceeding is required to demonstrate either (1) a special interest in the proceeding that is not adequately represented in the case, or (2) that the person requesting permissive intervention is likely to present issues or develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings. Therefore, any person requesting to intervene in a Commission proceeding must state with specificity the person's special interest that is not otherwise adequately represented, or the issues and facts that the person will present that will assist the Commission in fully considering the matter. A mere recitation of the quantity of utility service consumed by the movant or a general statement regarding a potential impact of possible modification of rates will not be deemed sufficient to establish a special interest.

² Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

6. Any motion to intervene filed after the date established in the procedural schedule shall also show good cause for being untimely. If the untimely motion is granted, the movant shall accept and abide by the existing procedural schedule.

7. Kentucky Power shall give notice of any scheduled hearing in accordance with the provisions set forth in 807 KAR 5:001, Section 9(2). In addition, the notice of hearing shall include the following statements: "This hearing will be streamed live and may be viewed on the PSC website, psc.ky.gov" and "Public comments may be made at the beginning of the hearing. Those wishing to make oral public comments may do so by following the instructions listing on the PSC website, psc.ky.gov." At the time publication is requested, Kentucky Power shall forward a duplicate of the notice and request to the Commission.

8. At any public hearing in this matter, neither opening statements nor summarization of direct testimonies shall be permitted.

9. Any hearing scheduled in this matter shall be held on the designated day or days and continued until called from the bench by the presiding officer. Pursuant to 807 KAR 5:001, Section 2, if the hearing is not concluded on the designated day, the hearing shall be continued upon verbal announcement by the presiding officer. A verbal announcement made by the presiding officer shall be proper notice of the continued hearing.

10. Witnesses who sponsor schedules, testimony, or responses to requests for information shall participate in person at any hearing scheduled in this matter.

11. Pursuant to KRS 278.360 and 807 KAR 5:001, Section 9(9), a digital video recording shall be made of the hearing.

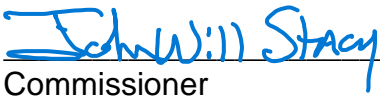
12. The Commission does not look favorably upon motions for continuance. Accordingly, motions for extensions of time with respect to the schedule herein shall be made in writing and will be granted only upon a showing of good cause.

13. The Commission does not look favorably upon motions to substitute witnesses or excuse witnesses from testifying at Commission hearings. Accordingly, motions to substitute witnesses or excuse a witness from testifying at a Commission hearing or from testifying in person at a Commission hearing shall be made in writing at least 14 days prior to the hearing and will be granted only upon a showing of good cause.

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PUBLIC SERVICE COMMISSION

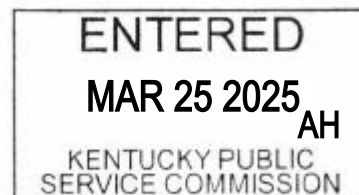

Chairman


Commissioner


Commissioner

ATTEST:

 PP
Executive Director



APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2025-00059 DATED MAR 25 2025

Last day for intervention requests to be accepted..... 03/31/2025

Kentucky Power shall file responses to initial requests
for information no later than.....03/31/2025

All supplemental requests for information to
Kentucky Power shall be filed no later than..... 04/04/2025

Kentucky Power shall file responses to supplemental
requests for information no later than 04/11/2025

Last day for parties to request a Public Hearing or submit a
request for the matter be decided based upon the written record 04/16/2025

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00059 DATED MAR 25 2025

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO KENTUCKY POWER COMPANY

Kentucky Power Company (Kentucky Power), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due March 31, 2025. The Commission directs Kentucky Power to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Kentucky Power shall make timely amendment to any prior response if Kentucky Power obtains information that indicates the response was incorrect or incomplete when

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Kentucky Power fails or refuses to furnish all or part of the requested information, Kentucky Power shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Kentucky Power shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Explain how the \$600,000,000 financing amount was determined.
2. Explain how the interest rates and terms for this financing compare to Kentucky Power's current debt obligations.
3. Provide Kentucky Power's current and projected liquidity position without this financing.
4. Refer to the Application, page 4, paragraph 9. Explain how Kentucky Power plans to transition any short-term financing to other long-term funding sources.
5. Provide a detailed breakdown of capital expenditures to be funded with this financing, including anticipated project schedules and cost estimates.

6. Refer to the Application, page 3, paragraph 6. Provide a detailed breakdown of how the \$300 million in new unsecured promissory notes for its general corporate purpose will be allocated.

7. Explain how Kentucky Power determined to issue unsecured debt rather than secured debt for this financing.

8. Explain how Kentucky Power anticipates bondholder or lender conditions may affect this financing structure.

9. Provide whether Kentucky Power anticipates needing any additional regulatory approvals beyond Commission authorization for this financing.

10. Provide whether Kentucky Power will seek any waivers or amendments to its existing credit agreements or indentures as part of this financing.

11. Provide the potential implications if the Commission does not approve the financing as requested.

12. Regarding the maturity periods, provide whether there will be a callable or extended feature.

13. Provide whether there will be any penalties for early repayment of the proposed notes or the loans to be refinanced.

14. Explain what impact this financing will have on Kentucky Power's overall financial health and creditworthiness, include in this response Kentucky Power's current

and proposed debt to equity ratio, and how it compares to the debt to equity ratio approved in Case No. 2023-00159.²

15. Given that the proposed notes will be unsecured, describe note holder remedies if the notes are not timely repaid.

16. Provide whether credit rating agencies have evaluated the proposed financing and, if so, provide the rating.

17. Refer to the Application, page 3, paragraph 6. Provide information regarding the two \$150 million term loans due in 2025 and 2026. Include in the response the interest rates of the loans and an explanation of whether Kentucky Power anticipates savings in connection with the refinancings.

18. Refer to the Application, page 6, paragraph 15. Provide a breakdown of the estimated \$5.2 million in issuance costs.

19. Explain if Kentucky Power has evaluated alternative financing structures, and if so, provide the results of those evaluations.

20. Explain if Kentucky Power will seek rate adjustments or other cost recovery mechanism related to the proposed financing.

21. Provide a detailed analysis illustrating estimated interest cost savings for Kentucky Power that can result from the use of interest rate management techniques.

22. If the Commission were to approve Kentucky Power's proposed issuance of indebtedness as filed, provide an estimated capital structure with regard to the long-

² Case No. 2023-00159, *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 Practices to Establish Regulatory Assets and Liabilities; (4) a Securitization Financing Order; and (5) All Other Required Approvals and Relief* (Ky. PSC Mar. 20, 2025), Order.

term and short-term debt. Include in the response whether Kentucky Power has any intention of issuing any additional equity in conjunction with the debt issuance.

23. Explain whether the issuance of additional debt will affect Kentucky Power's ability to secure financing in the future at competitive rates.

24. Explain how often and the circumstances under which Kentucky Power issues equity and/or receives equity infusions from its parent company.

25. Explain how the issuance of additional debt will affect Kentucky Power's equity position.

26. Explain what contingency plans Kentucky Power has in place in case market conditions make debt issuance less favorable.

27. Explain how the issuance of promissory notes will affect customer electricity rates going forward and what measures are in place to minimize potential rate increases.

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