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Kentucky Power Securitization Expected to Save Customers \$90 Million

Securitization Charges to appear on bills beginning June 30, 2025

FRANKFORT, Ky. (June 27, 2025) – Customers of Kentucky Power Company will see a new charge on their monthly bills beginning June 30, 2025 called a “Securitized Surcharge”. This is the result of Kentucky’s first securitization case, a process approved by the Kentucky General Assembly, meant to save customers money.

Kentucky Power received approval from the Kentucky Public Service Commission (PSC) in Case number 2023-00159 to utilize the securitization process to finance certain costs, which in this case is projected to save customers an estimated \$90 million over 20 years.

This approval allows Kentucky Power to issue bonds to recover previously incurred costs, like Big Sandy plant retirement costs, deferred major storm costs, and under-recovered purchased power rider costs secured by a non-bypassable charge on customer bills. Senate Bill 192, passed in 2023, enabled the PSC to approve qualifying utilities, such as Kentucky Power, to use securitization.

The securitization process has been successfully used in other states to lessen the total burden on ratepayers when utility companies recover these types of costs from their customers, which they are entitled to recover through monthly bills with or without securitization.

The initial Securitized Surcharge for residential customers, which will be applied to all charges for electric service on a residential customer’s bill, except for environmental surcharge charges and nonrecurring charges, is expected to be approximately 7.07 percent. Because the surcharge does not apply to environmental surcharge costs, the



Securitized Surcharge currently amounts to about a 6.37 percent increase in the total bill for a residential customer with 1,000 kWhs of usage. It is important to note that without securitization of these costs, Conversely, the increase to residential customers would be approximately 13.13 percent.

“Customers would have seen a substantially higher charge for these expenses - and would have already been paying it for the past year or more – if not for the securitization process,” said PSC Chair Angie Hatton. “While seeing a new charge on a utility bill is never something customers want, this process has resulted in both an overall reduced monthly amount for individual customers, and approximately \$90 million in total customer savings.”

Records regarding this case are available on the PSC website, psc.ky.gov. The Case No. is 2023-000159.

Kentucky Power is an electric utility company based in Ashland, Kentucky, serving approximately 162,500 customers in 20 eastern Kentucky counties and is a subsidiary of American Electric Power (AEP).

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,100 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 90 employees.

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