COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY POWER COMPANY FOR AN ORDER APPROVING ACCOUNTING PRACTICES TO ESTABLISH A REGULATORY ASSET RELATED TO THE EXTRAORDINARY EXPENSES INCURRED BY KENTUCKY POWER COMPANY IN CONNECTION WITH THE MAJOR JANUARY 2026 STORM EVENT	))))))))	CASE NO. 2026-00101

O R D E R

On August 10, 2026, Kentucky Power Company (Kentucky Power) filed a motion, pursuant to KRS 278.400, requesting partial rehearing on the Commission's July 21, 2026 final Order granting a regulatory asset for certain storm damage-related costs (Regulatory Asset). Kentucky Power asserted that the amount of the Regulatory Asset should be increased to reflect Kentucky Power's interpretation of the Commission's final Order in Case No. 2025-00257 regarding whether the $2 million in storm damage expense embedded in base rates was intended to include major storm damage expense.[1] Kentucky Power argued that the final Order in the present case incorrectly interpreted the final Order in Case No. 2025-00257 as including major storm damage in the $2 million in storm damage expense embedded in base rates, thus incorrectly offsetting and decreasing a portion of the requested Regulatory Asset.

[1] Case No. 2025-00257, *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 Certain Regulatory and Accounting Treatments; and (4) All Other Required Approvals and Relief* (Ky. PSC Feb. 28, 2026), Order at 88-89.

LEGAL STANDARD

KRS 278.400, which establishes the standard of review for motions for rehearing, limits rehearing to new evidence not readily discoverable at the time of the original hearings, to correct any material errors or omissions, or to correct findings that are unreasonable or unlawful.[2] A Commission Order is deemed unreasonable only when "the evidence presented leaves no room for difference of opinion among reasonable minds."[3] An order can only be unlawful if it violates a state or federal statute or constitutional provision.[4]

By limiting rehearing to correct material errors or omissions, and findings that are unreasonable or unlawful, or to weigh new evidence not readily discoverable at the time of the original hearings, KRS 278.400 is intended to provide closure to Commission proceedings. Rehearing does not present parties with the opportunity to relitigate a matter fully addressed in the original Order.

MOTION

Kentucky Power asserted that, although the language it used in its proposed settlement agreement included major and non-major storm damage in the proposed $2 million to be included in base rates, the settlement contemplated Kentucky Power being able to establish a regulatory asset for major and non-major storms in excess of the $2.0

[2] *See* KRS 278.400, KRS 278.440, KRS 278.430.

[3] *Energy Regulatory Comm'n v. Kentucky Power Co.*, 605 S.W.2d 46 (Ky. App. 1980).

[4] *Public Service Comm'n v. Conway*, 324 S.W.3d 373, 377 (Ky. 2010); *Public Service Comm'n v. Jackson County Rural Elec. Coop. Corp.*, 50 S.W.3d 764, 766 (Ky. App. 2000); *National Southwire Aluminum Co. v. Big Rivers Elec. Corp.*, 785 S.W.2d 503, 509 (Ky. App. 1990).

million embedded in rates.[5] Kentucky Power noted that the Commission denied the request for an automatic regulatory asset to the extent that storm damage exceeded $2.0 million embedded in rates, which Kentucky Power argued broke the link to the inclusion of both major and non-major storm damage expense in base rates.[6] In addition, Kentucky Power stated that the final Order in Case No. 2025-00257 unambiguously indicated that it included only non-major storm damage expense in the $2 million base rate amount,[7] and that this interpretation was consistent with prior storm expense treatment.[8] Thus, Kentucky Power argued that it was improper for the Commission to offset the amount of the Regulatory Asset approved in the July 21, 2026 final Order by the $2 million embedded in base rates.

DISCUSSION AND FINDINGS

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that Kentucky Power's request for partial rehearing should be granted in order to obtain additional information before rendering a decision on the merits. The Commission notes that the granting of the request for rehearing for the purpose of gathering additional information should not be construed as making a finding on the merits of the rehearing motion as it merely allows for further proceedings to investigate the allegations. To facilitate obtaining additional information, the Commission, on its own

---

[5] Motion for Rehearing at 3-4; *see also* Case No. 2025-00257, Joint Motion to Approve Settlement Agreement (filed Jan. 9, 2026), Exhibit TSW-S1 at 7.

[6] Motion for Rehearing at 3–4.

[7] Motion for Rehearing at 4–5.

[8] Motion for Rehearing at 6.

motion, finds that a procedural schedule should be established for the orderly processing of the rehearing request in this case.

IT IS THEREFORE ORDERED that:

1. Kentucky Power’s motion for partial rehearing is granted for the purpose of obtaining additional information.

2. The procedural schedule set forth in the Appendix to this Order shall be followed.

3. Kentucky Power shall respond to requests for information propounded by Commission Staff, whether identified on the procedural schedule or otherwise, as provided in those requests.

4. This case is reopened and returned to the Commission's docket.

Entered on this 27th day of August, 2026.

PUBLIC SERVICE COMMISSION

Angie Hatton
Chair

Mary Pat Regan
Vice Chair

Andrew W. Wood
Commissioner

Barry L. Mayfield
Commissioner

ATTEST:

Justin McNeil RP

Justin McNeil
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2026-00101 DATED AUG 27 2026

Initial requests for information to Kentucky Power shall be filed no later than 09/11/2026

Kentucky Power shall file responses to initial requests for information no later than.. 09/25/2026

Kentucky Power shall request either a hearing or that the case be submitted for decision based on the record no later than 10/02/2026

Service List for Case 2026-00101

* Harlee P. Havens
Stites & Harbison
250 West Main Street, Suite 2300
Lexington, KY 40507

* Kentucky Power Company
1645 Winchester Avenue
Ashland, KY 41101

* Kenneth J Gish, Jr.
Stites & Harbison
250 West Main Street, Suite 2300
Lexington, KY 40507

* Denotes served by Email