

**PILOT TARIFF K-12 SCHOOL
(Public School)**

AVAILABILITY OF SERVICE.

Available for general service to Pilot K-12 School customers subject to KRS 160.325 with normal maximum demands greater than 100 KW but not more than 1,000 KW.

RATE.

Tariff Code	Service Voltage			
	Secondary	Primary	Subtransmission	Transmission
Service Charge per Month	\$ 85.00	\$ 127.50	\$ 628.50	\$ 628.50
Demand Charge per KW	\$ 4.67	\$ 4.53	\$ 4.48	\$ 4.41
Excess Reactive Charge per KVA	\$ 3.46	\$ 3.46	\$ 3.46	\$ 3.46
Energy Charge per KWH	7.692¢	6.535¢	4.517¢	4.425¢

MINIMUM CHARGE.

Bills computed under the above rate are subject to a monthly minimum charge comprised of the sum of the service charge and the minimum demand charge. The minimum demand charge is the product of the demand charge per KW and the monthly billing demand.

FUEL ADJUSTMENT CLAUSE.

Bills computed according to the rates set forth herein will be increased or decreased by a Fuel Adjustment Factor per KWH calculated in compliance with the Fuel Adjustment Clause contained in Sheet Nos. 5-1 and 5-2 of this Tariff Schedule.

SYSTEM SALES CLAUSE.

Bills computed according to the rates set forth herein will be increased or decreased by a System Sales Factor per KWH calculated in compliance with the System Sales Clause contained in Sheet Nos. 19-1 and 19-2 of this Tariff Schedule.

DEMAND-SIDE MANAGEMENT ADJUSTMENT CLAUSE.

Bills computed according to the rates set forth herein will be increased or decreased by an Demand-Side Management Adjustment Clause Factor per KWH calculated in compliance with the Demand-Side Management Adjustment Clause contained in Sheet Nos. 22-1 through 22-13 of this Tariff Schedule, unless the customer is an industrial who has elected to opt-out in accordance with the terms pursuant to the Commission's Order in Case No. 95-427.

ASSET TRANSFER RIDER.

Bills computed according to the rates set forth herein will be increased or decreased by an Asset Transfer Adjustment Factor based on a percent of revenue in compliance with the Asset Transfer Rider contained in Sheet No. 36-1 through 36-2 of this Tariff Schedule. The Asset Transfer Adjustment Factor will be applied to bills until such time as the pro rata amount (computed on a 365-day annual basis) authorized to be recovered via Tariff A.T.R. in the Stipulation and Settlement Agreement, approved as modified by the Commission by its order dated October 7, 2013 in Case No. 2012-00578, has been recovered.

(Cont'd. On Sheet No. 9-10)

DATE OF ISSUE: June XX, 2015

DATE EFFECTIVE: Service Rendered On And After June 30, 2015

ISSUED BY: JOHN A. ROGNESS III

TITLE: Director Regulatory Services

By Authority Of An Order By The Public Service Commission

In Case No. 2014-00396 Dated XXXXXXXX

KENTUCKY POWER COMPANY

P.S.C. KY. NO. 10 ORIGINAL SHEET NO. 9-10
CANCELLING P.S.C. KY. NO. 10 SHEET NO. 9-10

PILOT TARIFF K-12 SCHOOL (Cont'd)
(Public School)

BIG SANDY RETIREMENT RIDER.

Bills computed according to the rates set forth herein will be increased or decreased by a Big Sandy Retirement Rider Adjustment Factor based on a percent of revenue in compliance with the Big Sandy Retirement Rider contained in Sheet No. 38-1 through 38-2 of this Tariff Schedule.

BIG SANDY 1 OPERATION RIDER.

Bills computed according to the rates set forth herein will be increased or decreased by a Big Sandy 1 Operation Rider Adjustment Factor per kW and/or kWh calculated in compliance with the Big Sandy 1 Operation Rider contained in Sheet Nos. 39-1 through 39-2 of this Tariff Schedule.

PURCHASE POWER ADJUSTMENT.

Bills computed according to the rates set forth herein will be increased or decreased by a Purchase Power Adjustment Factor based on a percent of revenue in compliance with the Purchase Power Adjustment contained in Sheet No. 35-1 of this Tariff Schedule.

ENVIRONMENTAL SURCHARGE.

Bills computed according to the rates set forth herein will be increased or decreased by an Environmental Surcharge Adjustment based on a percent of revenue in compliance with the Environmental Surcharge contained in Sheet Nos. 29-1 through 29-5 of this Tariff Schedule.

CAPACITY CHARGE.

Bills computed according to the rates set forth herein will be increased by a Capacity Charge Factor per KWH calculated in compliance with the Capacity Charge Tariff contained in Sheet No. 28-1 through 28-2 of this Tariff Schedule.

KENTUCKY ECONOMIC DEVELOPMENT SURCHARGE.

Applicable to all customers. Bills computed according to the rates set forth herein shall be increased by a KEDS charge of \$0.15 per month and shall be shown on the customers' bills as a separate line item. The KEDS charge will be applied to all customer electric bills rendered during the billing cycles commencing July 2015 and continue until otherwise directed by the Public Service Commission.

HOME ENERGY ASSISTANCE PROGRAM (HEAP) CHARGE.

Applicable to all residential customers. Bills computed according to the rates set forth herein shall be increased by a HEAP charge of 15¢ per meter per month and shall be shown on the residential customers bill as a separate line item. The Home Energy Assistance Program charge will be applied to all residential electric bills rendered during the billing cycles commencing July 2010 and continue until otherwise directed by the Public Service Commission.

(Cont'd on Sheet No. 9-11)

DATE OF ISSUE: June XX, 2015

DATE EFFECTIVE: Service Rendered On And After June 30, 2015

ISSUED BY: JOHN A. ROGNESS III

TITLE: Director Regulatory Services

By Authority Of An Order By The Public Service Commission

In Case No. 2014-00396 Dated XXXXXXXX

PILOT TARIFF K-12 SCHOOL (Cont'd)
(Public School)

DELAYED PAYMENT CHARGE.

This tariff is due and payable in full on or before the due date stated on the bill. On all accounts not so paid, an additional charge of 5% of the unpaid balance will be made.

METERED VOLTAGE.

The rates set forth in this tariff are based upon the delivery and measurement of energy at the same voltage, thus measurement will be made at or compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss compensating equipment, the use of formulas to calculate losses or the application of multipliers to the metered quantities. In such cases, the metered KWH and KW values will be adjusted for billing purposes. If the Company elects to adjust KWH and KW based on multipliers, the adjustment shall be in accordance with the following:

- (1) Measurements taken at the low-side of a customer-owned transformer will be multiplied by 1.01.
- (2) Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.98.

MONTHLY BILLING DEMAND.

Billing demand in KW shall be taken each month as the highest 15-minute integrated peak in kilowatts as registered during the month by a 15-minute integrating demand meter or indicator, or at the Company's option as the highest registration of a thermal type demand meter or indicator. The monthly billing demand so established shall in no event be less than 60% of the greater of (a) the customer's contract capacity or (b) the customer's highest previously established monthly billing demand during the past 11 months.

DETERMINATION OF EXCESS KILOVOLT-AMPERE (KVA) DEMAND.

The maximum KVA demand shall be determined by the use of a multiplier equal to the reciprocal of the average power factor recorded during the billing month, leading or lagging, applied to the metered demand. The excess KVA demand, if any, shall be the amount by which the maximum KVA demand established during the billing period exceeds 115% of the kilowatts of metered demand.

(Cont'd on Sheet No. 9-12)

DATE OF ISSUE: June XX, 2015

DATE EFFECTIVE: Service Rendered On And After June 30, 2015

ISSUED BY: JOHN A. ROGNESS III

TITLE: Director Regulatory Services

By Authority Of An Order By The Public Service Commission

In Case No. 2014-00396 Dated XXXXXXXX

KENTUCKY POWER COMPANY

P.S.C. KY. NO. 10 ORIGINAL SHEET NO. 9-12
CANCELLING P.S.C. KY. NO. 10 _____ SHEET NO. 9-12

PILOT TARIFF K-12 SCHOOL (Cont'd)
(Public School)

TERM OF CONTRACT.

Contracts under this tariff will be made for customers requiring a normal maximum monthly demand between 500 KW and 1,000 KW and be made for an initial period of not less than 1 (one) year and shall remain in effect thereafter until either party shall give at least 6 months written notice to the other of the intention to terminate the contract. The Company reserves the right to require initial contracts or periods greater than 1 (one) year. For customers with demands less than 500 KW, a contract may, at the Company's option, be required.

Where new Company facilities are required, the Company reserves the right to require initial contracts for periods greater than one year for all customers served under this tariff.

A new initial contract period will not be required for existing customers who change their contract requirements after the original initial period unless new or additional facilities are required.

CONTRACT CAPACITY.

The Customer shall set forth the amount of capacity contracted for (the "contract capacity") in an amount up to 1,000 KW. Contracts will be made in multiples of 25 KW. The Company is not required to supply capacity in excess of such contract capacity except with express written consent of the Company.

SPECIAL TERMS AND CONDITIONS.

This tariff is subject to the Company's Terms and Conditions of Service.

This tariff is also available to Customers having other sources of energy supply but who desire to purchase standby or back-up electric service from the Company. Where such conditions exist the customer shall contract for the maximum amount of demand in KW, which the Company might be required to furnish, but not less than 100 KW nor more than 1,000 KW. The Company shall not be obligated to supply demands in excess of the contract capacity. Where service is supplied under the provisions of this paragraph, the billing demand each month shall be the highest determined for the current and previous two billings periods, and the minimum charge shall be as set forth under paragraph "Minimum Charge" above.

Customers with PURPA Section 210 qualifying cogeneration and/or small power production facilities shall take service under Tariff COGEN/SPP I or II or by special agreement with the Company.

DATE OF ISSUE: June XX, 2015

DATE EFFECTIVE: Service Rendered On And After June 30, 2015

ISSUED BY: JOHN A. ROGNESS III

TITLE: Director Regulatory Services

By Authority Of An Order By The Public Service Commission

In Case No. 2014-00396 Dated XXXXXXXX

TARIFF S. S. C.
(System Sales Clause)

APPLICABLE.

To Tariffs R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D.2, S.G.S., S.G.S.-T.O.D., M.G.S., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., Pilot K-12 School, J.G.S., C.S.- I.R.P., M.W., O.L. and S.L.

RATE.

1. When the monthly net revenues from system sales are above or below the monthly base net revenues from system sales, as provided in paragraph 2 below, an additional credit or charge equal to the product of the KWHs and a system sales adjustment factor (A) shall be made, where "A", calculated to the nearest 0.0001 mill per kilowatt-hour, is defined as set forth below.

$$\text{System Sales Adjustment Factor (A)} = (.75 [T_m - T_b]) / S_m$$

In the above formulas "T" is Kentucky Power Company's (KPCo) monthly net revenues from system sales in the current (m) and base (b) periods, and "S" is the KWH sales in the current (m) period, all defined below.

2. The net revenue from KPCo's sales to non-associated companies as reported in the FERC Energy Regulatory Commission's Uniform System of Accounts under Account 447, Sales for Resale, shall consist of and be derived as follows:

- a. KPCo's total revenues from system sales as recorded in Account 447, less b. and c. below.

- b. KPCo's total out-of-pocket costs incurred in supplying the power and energy for the sales in a. above.

The out-of-pocket costs include all operating, maintenance, tax, transmission losses and other expenses that would not have been incurred if the power and energy had not been supplied for such sales, including demand and energy charges for power and energy supplied by Third Parties.

- c. KPCo's environmental costs allocated to non-associated utilities in the Company's Environmental Surcharge Report.

(Cont'd on Sheet No. 19-2)

DATE OF ISSUE: June XX, 2015

DATE EFFECTIVE: Service Rendered On And After June 30, 2015

ISSUED BY: JOHN A. ROGNES III

TITLE: Director Regulatory Services

By Authority Of an Order of the Public Service Commission

In Case No. 2014-00396 Dated June XX, 2015

**TARIFF B.E.R.
(Biomass Energy Rider)**

APPLICABLE.

To Tariffs R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D.2, S.G.S., S.G.S.-T.O.D., M.G.S., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., Pilot K-12 School, I.G.S., C.S.-I.R.P., M.W., O.L. and S.L.

RATE.

1. When energy is generated and sold to the Company from the ecopower biomass facility, an additional monthly charge shall be assessed. The allocation of the revenue requirement between residential and all other customers shall be based upon their respective contribution to total retail kWh sales during the most recently available 12 month period, according to the following formula:

$$\text{Residential Allocation RA(m)} = [\text{R} * \text{P(m)}] * [\text{RS(b)} / \text{S(b)}]$$

$$\text{All Other Allocation OA(m)} = [\text{R} * \text{P(m)}] * [\text{OS(b)} / \text{S(b)}]$$

Where:

(m) = the expense month;

(b) = the most recently available calendar twelve month period.

In the above formulas "R" is the rate for the current calendar year approved by this commission in the REPA between ecopower and Kentucky Power Company, "P" is the amount of kWh purchased by Kentucky Power in the current (m) period, and "S" is the kWh sales, all defined below.

2. Rate (R) shall be the dollar per MWh as defined in the REPA between ecopower and Kentucky Power Company, including any applicable escalation factor as defined in the REPA.
3. Produced energy (P) shall be the MWh produced and sold to Kentucky Power Company.
4. Sales (S) shall be all kWh sold, excluding intersystem sales. Utility used energy shall not be excluded in the determination of sales (S). Residential Sales (RS) shall be all kWh sold to the residential class. All Other Sales (OS) shall be all kWh sold to all other classes, where (OS) = (S) - (RS).
5. The residential biomass adjustment factor (RBAF) shall be calculated to the nearest 0.0001 mil per kilowatt-hour, as set forth below.

$$\text{Residential Biomass Adjustment Factor (RBAF)} = \text{RA(m)} / \text{RS(m)}$$

(Cont'd on Sheet 23-2)

DATE OF ISSUE: June XX, 2015

DATE EFFECTIVE: Service Rendered On And After June 30, 2015

ISSUED BY: JOHN A. ROGNESS III

TITLE: Director Regulatory Services

By Authority Of An Order By The Public Service Commission

In Case No. 2014-00396 Dated XXXXXXXXX

T
N
N
N

KENTUCKY POWER COMPANY

P.S.C. KY. NO. 10 ORIGINAL SHEET NO. 28-1
CANCELLING P.S.C. KY. NO. 10 SHEET NO. 28-1

**TARIFF C.C.
(Capacity Charge)**

AVAILABILITY OF SERVICE.

To Tariffs R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D. 2, S.G.S., S.G.S.-T.O.D., M.G.S., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., Pilot K-12 School, I.G.S. C.S.-I.R.P., M.W., O.L. and S.L.

T

RATE.

	<u>All Other</u>	<u>Service Tariff</u>	<u>I.G.S.</u>
Energy Charge per KWH per month	\$ 0.001185	\$ 0.000656	

IR

RATE CALCULATION.

1. Pursuant to the final order of the Kentucky Public Service Commission in Case No. 2004-00420 and the Settlement and Stipulation Agreement dated October 20, 2004 as filed and approved by the Commission, Kentucky Power Company is to recover from retail ratepayers the supplemental annual payments tied to the 18-year extension of the Rockport Unit Power Service Agreement (UPSA). Kentucky Power will apply surcharges designed to enable recovery from each tariff class of customers, an annual supplemental payment of \$5.1 million annually in Years 2005 through 2009, and then increases to \$6.2 million annually in Years 2010 through 2021, and then decreases to \$5,792,329 in Year 2022.
2. Kentucky Power will be entitled to receive these annual supplemental payments in addition to the base retail rates established by the Commission. The costs associated with the underlying Rockport Unit 1 and 2 UPSA will continue to be included in base rates.
3. The increased annual revenues will be generated by two different KWH rates, one for I.G.S. tariff customers and one for All Other tariff customers.
4. The allocation of the additional revenues to be collected from the I.G.S. tariff customers and All Other tariff customers will be based upon the total annual revenue of each of the two-customer classes. Once the additional revenues have been allocated between the two customer classes based upon total annual Kentucky retail revenue, the additional revenue will be collected within the two customer classes (I.G.S. and All Other tariffs) on a KWH basis. The KWH rate to be applied to each of these two customer class groups shall be sufficient to generate that portion of the total increase in annual revenues equal to the percentage of total annual revenues produced by each of the two customer class groups (I.G.S. and All Other tariffs).
5. The Stipulation and Settlement Agreement is made upon the express agreement by the Parties that the receipt by Kentucky Power of the additional revenues called for by Section III(1)(a) and III(1)(b) shall be accorded the ratemaking treatment set out in Section III. In any proceeding affecting the rates of Kentucky Power during the extension of the UPSA under this Stipulation and Settlement Agreement, the provisions of Section III are an express exception to Section VI(4) of the Stipulation and Settlement Agreement.
6. The Capacity Charge factors will be applied to bills monthly and will be shown on the Customer's bill as a separate line item.

T

T

T

T

(Cont'd on Sheet No. 28-2)

DATE OF ISSUE: June XX, 2015

DATE EFFECTIVE: Service Rendered On And After June 30, 2015

ISSUED BY: JOHN A. ROGNESS III

TITLE: Director Regulatory Services

By Authority Of an Order of the Public Service Commission

In Case No. 2014-00396 Dated June XX, 2015

TARIFF E.S.
(Environmental Surcharge)

APPLICABLE.

To Tariffs R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D. 2, S.G.S., S.G.S.-T.O.D., M.G.S., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., Pilot K-12 School, I.G.S., C.S.- I.R.P., M.W., O.L., and S.L.

RATE.

The environmental surcharge shall provide for monthly adjustments based on a percent of revenues, equal to the difference between the environmental compliance costs in the base period as provided in Paragraph 3 2 below and in the current period as provided in Paragraph 3 below.

The retail share of the revenue requirement will allocated between residential and non-residential retail customers based upon their respective total revenues during the previous calendar year. The Environmental Surcharge will be implemented as a percentage of total revenues for the residential class and as a percentage of non-fuel revenues for all other customers.

1. Monthly Environmental Surcharge Gross Revenue Requirement, E(m)

Where: E(m) = CRR - BRR
CRR = Current Period Revenue Requirement for the Expense Month.
BRR = Base Period Revenue Requirement.

(Continued on Sheet 29-2)

T
N
N
I
I

DATE OF ISSUE: June XX, 2015

DATE EFFECTIVE: Service Rendered On And After June 30, 2015

ISSUED BY: JOHN A. ROGNESS III

TITLE: Director Regulatory Services

By Authority Of an Order of the Public Service Commission

In Case No. 2014-00396 Dated June XX, 2015

RIDER G.P.O.
(Green Pricing Option Rider)

AVAILABILITY OF SERVICE.

Available to customers taking metered service under the Company's R.S., R.S.-L.M.-T.O.D., R.S.-F.O.D., Experimental R.S.-T.O.D.2, S.G.S., S.G.S.-T.O.D., M.G.S., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., Pilot K-12 School, I.G.S., C.S.-I.R.P. and M.W. tariffs.

Participation in this program may be limited by the ability of the Company to procure renewable energy certificates (RECs) from Renewable Resources. If the total of all kWh under contract under this Rider equals or exceeds the Company's ability to procure RECs, the Company may suspend the availability of this Rider to new participants.

CONDITIONS OF SERVICE.

Customers who wish to support the generation of electricity by Renewable Resources may contract to purchase each month a specific number of fixed kWh blocks, where each block equals 100 kWh. Customers may elect to purchase a minimum of one (1) block per month and a maximum of 500 blocks per month.

Renewable Resources shall be defined as Wind, Solar Photovoltaic, Biomass Co-Firing of Agricultural crops and all energy crops, Hydro (as certified by the Low Impact Hydro Institute), Incremental Improvements in Large Scale Hydro, Coal Mine Methane, Landfill Gas, Biogas Digesters, Biomass Co-Firing of All Woody Waste including mill residue, but excluding painted or treated lumber. Only Renewable Resources brought into service on or after January 1, 1997 shall qualify.

RATE.

In addition to the monthly charges determined according to the Company's tariff under which the customer takes metered service, the customer shall also pay the following rate for each fixed kWh block under contract regardless of the customer's actual energy consumption during that month. The charge will be applied to the customer's bill as a separate line item.

The Company will provide customers at least 30-days' advance notice of any change in the Rate. At such time, the customer may modify or cancel their automatic monthly purchase agreement. Any cancellation will be effective at the end of the current billing period when notice is provided.

Charge (\$ per 100 kWh block): \$ 2.00/month

TERM.

This is a voluntary program. Customers may participate through a one-time purchase, or establish an automatic monthly purchase agreement. Any payments under this program are nonrefundable.

SPECIAL TERMS AND CONDITIONS.

This Rider is subject to the Company's Terms and Conditions of Service and all provisions of the tariff under which the customer takes service, including all payment provisions. The Company may deny or terminate service under this Rider to customers who are delinquent in payment to the Company.

Funds collected under this Green Pricing Option Rider will be used solely to purchase RECs for the program.

DATE OF ISSUE: June XX, 2015

DATE EFFECTIVE: Service Rendered On And After June 30, 2015

ISSUED BY: JOHN A. ROGNESS III

TITLE: Director Regulatory Services

By Authority Of an Order of the Public Service Commission

In Case No. 2014-00396 Dated June XX, 2015

TARIFF P.P.A.
(Purchase Power Adjustment)

APPLICABLE.

To Tariffs R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D.2, S.G.S., S.G.S.-T.O.D., M.G.S., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., Pilot K-12 School, I.G.S., C.S.-I.R.P., M.W., O.L. and S.L.

RATE.

1. In accordance with the Stipulation and Settlement Agreement approved as modified by the Commission by its Order dated October 7, 2013 in Case No. 2012-00578, the purchase power adjustment shall provide for monthly adjustments based on a percent of revenues, calculated to six decimal places and equal to the net costs of any power purchases in the current period according to the following formula:

$$\text{Monthly Purchase Power Adjustment Factor} = \frac{\text{Net KY Retail P(m)}}{\text{KY Retail R(m)}}$$

Where:

Net KY Retail P(m) = Monthly P(m) allocated to Kentucky Retail Customers, net of Over/(Under) Recovery Adjustment; Allocation based on Percentage of Kentucky Retail Revenues to Total Company Revenues in the Expense Month (m). (For purposes of this formula, Total Company Revenues include only Retail and Full-Requirements Wholesale revenues.)

KY Retail R(m) = Kentucky Retail Revenues for the Expense Month (m).

2. The net costs of any power purchased shall exclude costs recovered through the Fuel Adjustment Clause and shall be computed as the sum of the following items:
 - a. PPA(m) = The cost of power purchased by the Company through new Purchase Power Agreements (PPAs). All new PPAs shall be approved by the Commission to the extent required by KRS 278.300.
 - b. RP(m) = The cost of fuel related substitute generation less the cost of fuel which would have been used in plants suffering forced generation or transmission outages.
 - c. PE(m) = The cost of power purchased unrelated to forced generation or transmission outages that are calculated in accordance with the peaking unit equivalent methodology.
 - d. CSIRP(m) = The cost of any credits provided to customers under Tariff C.S.-I.R.P. for interruptible service.

$$\text{Monthly P(m)} = \text{PPA(m)} + \text{RP(m)} + \text{PE(m)} + \text{CSIRP(m)}$$

3. The monthly purchase power adjustment shall be filed with the Commission ten (10) days before it is scheduled to go into effect, along with all the necessary supporting data to justify the amount of the adjustment, which shall include data, and information as may be required by the Commission.
4. Copies of all documents required to be filed with the Commission shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS 61.870 to 61.884.

DATE OF ISSUE: June XX, 2015

DATE EFFECTIVE: Service Rendered On And After June 30, 2015

ISSUED BY: JOHN A. ROGNESS III

TITLE: Director Regulatory Services

By Authority Of an Order of the Public Service Commission

In Case No. 2014-00396 Dated June XX, 2015

**TARIFF A.T.R.
(Asset Transfer Rider)**

APPLICABLE.

To Tariffs R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D.2, S.G.S., S.G.S.-T.O.D., M.G.S., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., Pilot K-12 School, I.G.S., C.S.- I.R.P., M.W., O.L. and S.L.

RATE.

In accordance with the Stipulation and Settlement Agreement approved as modified by the Commission by its Order dated October 7, 2013 in Case No. 2012-00578, Kentucky Power Company is to recover from retail ratepayers \$44 million annually beginning January 1, 2014.

Recovery under Tariff A.T.R. shall terminate on the effective date of new base rates for the Company that include Mitchell Units 1 and 2, except that the Company shall recover through the Residential Asset Transfer Adjustment and the All Other Classes Transfer Adjustment such amounts as required to ensure the Company recovers in the year new base rates for the Company are established that include Mitchell Units 1 and 2 a pro rata share (computed on a 365-day annual basis) of the \$44 million annual revenue requirement under Tariff A.T.R..

1. The allocation of the \$44 million revenue requirement between residential and all other customers shall be based upon their respective contribution to total retail revenues for the twelve month period ended September 30, 2013, according to the following formula:

$$\text{Residential Allocation RA(m)} = \frac{\$44,000,000}{12 \text{ months}} \times \frac{\text{KY Residential Retail Revenue RR(b)}}{\text{KY Retail Revenue R(b)}} = \$1,541,861$$

$$\text{All Other Allocation OA(m)} = \frac{\$44,000,000}{12 \text{ months}} \times \frac{\text{KY All Other Classes Retail Revenue OR(b)}}{\text{KY Retail Revenue R(b)}} = \$2,124,806$$

Where:

(m) = the expense month;

(b) = twelve month period ended September 30, 2013.

RR(b) = \$214,421,664

OR(b) = \$295,489,874

R(b) = \$509,911,538

2. The Residential Asset Transfer Adjustment shall provide for monthly adjustments based on a percent of total revenues, calculated to six decimal places according to the following formula:

$$\text{Residential Asset Transfer Adjustment Factor} = \frac{\text{Net Monthly Residential Allocation NRA(m)}}{\text{Residential Retail Revenue RR(m)}}$$

Where:

Net Monthly Residential Allocation NRA(m)

= Monthly Residential Allocation RA(m), net of Over/(Under) Recovery Adjustment;

Residential Retail Revenue RR(m)

= Monthly Retail Revenue for all KY residential classes for the expense month (m).

3. The All Other Classes Asset Transfer Adjustment shall provide for monthly adjustments based on a percent of non-fuel revenues, calculated to six decimal places according to the following formula:

$$\text{All Other Classes Asset Transfer Adjustment Factor} = \frac{\text{Net Monthly All Other Allocation NOA(m)}}{\text{All Other Classes Non-Fuel Retail Revenue ONR(m)}}$$

Where:

Net Monthly All Other Allocation NOA(m)

= Monthly All Other Allocation OA(m), net of Over/(Under) Recovery Adjustment;

All Other Classes Non-Fuel Retail Revenue ONR(m)

= Monthly Non-Fuel Retail Revenue for all classes other than residential for the expense month (m).

(Cont'd on Sheet 36-2)

DATE OF ISSUE: June XX, 2015

DATE EFFECTIVE: Service Rendered On And After June 30, 2015

ISSUED BY: JOHN A. ROGNESS III

TITLE: Director Regulatory Services

By Authority Of an Order of the Public Service Commission

In Case No. 2014-00396 Dated June XX, 2015

T
T
N
L
N

**BIG SANDY RETIREMENT RIDER
(B.S.R.R.)**

APPLICABLE.

To Tariffs R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D.2, S.G.S., S.G.S.-T.O.D., M.G.S., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., Pilot K-12 School, I.G.S., C.S.- I.R.P., M.W., O.L. and S.L.

RATE.

1. Pursuant to the final order of the Kentucky Public Service Commission in Case No. 2012-00578 and the Stipulation and Settlement Agreement dated July 2, 2013 as filed and approved by the Commission, Kentucky Power Company is to recover from retail ratepayers the coal-related retirement costs of Big Sandy Unit 1, the retirement costs of Big Sandy Unit 2 and other site-related retirement costs that will not continue in use on a levelized basis, including a weighted average cost of capital (WACC) carrying cost over a 25 year period beginning when new base rates are set for the Company that include Mitchell Units 1 and 2. The term "Retirement Costs" as used in this agreement are defined as and shall include the net book value, materials and supplies that cannot be used economically at other plants owned by Kentucky Power, and removal costs and salvage credits, net of related ADIT. Related ADIT shall include the tax benefits from tax abandonment losses.
2. The allocation of the levelized revenue requirement (LRR) between residential and all other customers shall be based upon their respective contribution to total retail revenues for the most recent calendar twelve month period, according to the following formula:

$$\text{Residential Allocation RA(m)} = \text{LRR(m)} \times \frac{\text{KY Residential Retail Revenue RR(b)}}{\text{KY Retail Revenue R(b)}}$$

$$\text{All Other Allocation OA(m)} = \text{LRR(m)} \times \frac{\text{KY All Other Classes Retail Revenue OR(b)}}{\text{KY Retail Revenue R(b)}}$$

Where:

(m) = the expense month;

(b) = Most recent available twelve calendar-month period ended December 31.

3. The Residential Asset Transfer Adjustment shall provide for monthly adjustments based on a percent of total revenues, according to the following formula:

$$\text{Residential Asset Transfer Adjustment Factor} = \frac{\text{Net Monthly Residential Allocation NRA(m)}}{\text{Residential Retail Revenue RR(m)}}$$

Where:

$$\text{Net Monthly Residential Allocation NRA(m)} = \text{Monthly Residential Allocation RA(m), net of Over/(Under) Recovery Adjustment;}$$

$$\text{Residential Retail Revenue RR(m)} = \text{Monthly Retail Revenue for all KY residential classes for the expense month (m).}$$

(Cont'd on Sheet No. 38-2)

DATE OF ISSUE: June XX, 2015

DATE EFFECTIVE: Service Rendered On And After June 30, 2015

ISSUED BY: JOHN A. ROGNESS III

TITLE: Director Regulatory Services

By Authority Of an Order of the Public Service Commission

In Case No. 2014-00396 Dated June XX, 2015

**BIG SANDY UNIT 1 OPERATION RIDER
 (B.S.1.O.R.)**

APPLICABLE.

To Tariffs R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D. 2, S.G.S., S.G.S.-T.O.D., M.G.S., M.G.S.-T.O.D., L.G.S., L.G.S.-T.O.D., Pilot K-12 School, I.G.S., C.S.-I.R.P., M.W., O.L., and S.L.

RATES.

Tariff Class	\$/kWh	\$/kW
R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., and Experimental R.S.-T.O.D. 2	\$0.00330	--
S.G.S. and S.G.S.-T.O.D.	\$0.00272	--
M.G.S.	\$0.00141	\$0.34
M.G.S. Recreational Lighting, M.G.S.-L.M.-T.O.D., and M.G.S.-T.O.D.	\$0.00283	--
L.G.S., L.G.S.-T.O.D. and K-12 School	\$0.00139	\$0.45
L.G.S.-L.M.-T.O.D.	\$0.00276	--
I.G.S. and C.S.-I.R.P.	\$0.00139	\$0.55
M.W.	\$0.00248	--
O.L.	\$0.00147	--
S.L.	\$0.00147	--

Tariff BS1OR includes all non-fuel operating expenses related to Big Sandy Unit 1 not otherwise included in Tariff S.S.C. or Tariff FAC. Tariff BS1OR shall also include a return on and of Big Sandy Unit 1 gas conversion capital when placed in service.

The kWh factor as calculated above will be applied to all billing kilowatt-hours for those tariff classes listed above. The kW factor as calculated above will be applied to all on-peak and minimum billing demand kW for the MGS, LGS and IGS tariff classes.

The Big Sandy Unit 1 Operation Rider factors shall be modified annually to collect the approved annual level of Kentucky retail jurisdictional Big Sandy Unit 1 revenue requirement and any prior review period (over)/under recovery.

The Big Sandy Unit 1 Operation Rider factors shall be determined as follows:

For all tariff classes without demand billing:

$$\text{kWh Factor} = \frac{\text{BS1E} \times (\text{BE}_{\text{Class}} / \text{BE}_{\text{Total}}) + \text{BS1D} \times (\text{CP}_{\text{Class}} / \text{CP}_{\text{Total}})}{\text{BE}_{\text{Class}}}$$

$$\text{kW Factor} = 0$$

For all tariff classes with demand billing:

$$\text{kWh Factor} = \frac{\text{BS1E} \times (\text{BE}_{\text{Class}} / \text{BE}_{\text{Total}})}{\text{BE}_{\text{Class}}}$$

$$\text{kW Factor} = \frac{\text{BS1D} \times (\text{CP}_{\text{Class}} / \text{CP}_{\text{Total}})}{\text{BD}_{\text{Class}}}$$

(Cont'd on Sheet No.39-2)

DATE OF ISSUE: June XX, 2015

DATE EFFECTIVE: Service Rendered On And After June 30, 2015

ISSUED BY: JOHN A. ROGNESS III

TITLE: Director Regulatory Services

By Authority Of an Order of the Public Service Commission

In Case No. 2014-00396 Dated June XX, 2015