

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

The Application of Kentucky Power Company for:)	
(1) A General Adjustment of Its Rates for Electric)	
Service; (2) An Order Approving Its 2014)	
Environmental Compliance Plan; (3) An Order)	Case No. 2014-00396
Approving Its Tariffs and Riders; and (4) An Order)	
Granting All Other Required Approvals and Relief)	

2025 NERC COMPLIANCE AND CYBERSECURITY DEFERRAL REPORT

Kentucky Power submits the following annual report pursuant to the
Commission's June 22, 2015 Order in Case No. 2014-00396:

Paragraph 14(c) of the Settlement Agreement in Case No. 2014-00396, as approved by the Commission, provides:

Kentucky Power agrees beginning on or before March 31, 2016, and each March 31st thereafter, it shall make an informational filing with the Commission quantifying and describing the amounts deferred in accordance with this paragraph 14. A copy of this annual informational filing shall be served by Kentucky Power upon counsel for all parties to this proceeding.

During calendar year 2025, the Company continued to incur incremental costs for work orders (projects) to comply with North American Electric Reliability Corporation (NERC) compliance or cybersecurity requirements established subsequent to the Commission's Order in Case No. 2014-00396. These projects are:

- W/O SITCS38701 – Cyber – Outbound Decryption - This project is to purchase and implement an F5 Orchestrator and other F5 equipment such as Transceivers at AEP's New Albany Data Center and at the Tulsa Data Center. (Closed)

- W/O SITCS54901 – Cyber – Security Analytics - This project will install the hardware and software needed and define the process/procedures to provide predictive analytics, assisting AEP in identifying and mitigating threats. (Closed)

- W/O SITCU31901 – Cyber – ICS OT Network Sensor - AEP Cybersecurity has been developing requirements and researching Industrial Control Systems (ICS)/Operational Technology (OT) network sensor vendors. This project will purchase and deploy network sensors to critical AEP facilities/locations as well as a data diode appliance as a compensating control for NERC CIP. (Closed)
- W/O SITCU15901 – Cyber – IAM Program - This work order is specifically for the program team for capital work on Identity Access Management (IAM). The project as a whole is to enhance the essential Access Control and Enterprise Architecture Framework (EAF) tools as well as project management specific policies/processes and Organizational Change Management (OCM) needed to meet emerging business and compliance needs in the IAM space. It will also engage some professional services as well as purchase RSA soft and/or hard tokens to ensure external access can be securely and properly obtained. (Open)
- W/O SITCV34201 – PSEC-OnGuard Upgrade 2022 - OnGuard is an enterprise wide physical security application that is used to monitor and control card reader access to AEP's buildings and facilities (including NERC CIP locations/rooms). The current version (7.5) is currently out of support. This effort will upgrade to version 8.1 and include new features/functionality such as encryption. It will separate web clients for NERC CIP and non-NERC CIP. (Open)
- W/O SITCW22501 – Cyber-IAM Program Enhancements 2023 – Ongoing efforts to continuously improve the IAM program with a variety of enhancements that include: privileged access management in CyberArk, certification reviews and recon processes in MyAccess, forms and workflows in ServiceNow (UAUR – User Access User Requests), Robotic Process Automation (RPA for ITAMBOT), and any others that are necessary to remediate audit findings and mitigation plans for SOX and NERC/CIP. (Open)
- W/O SITCX26401 – Cyber-Training Optimization – Development of newly required compliance training modules that will be uploaded to Workday for security, technology, and NERC CIP compliance requirements. Design and development and content creation. (Open)
- W/O SITCX28001 – Cyber-Axonius Sec Ast Mgmt – This tool will ensure a total asset coverage view, necessary asset data elements, holistic asset reporting, and the ability to support network vulnerability remediation work. This is a solution that detects all assets via automation, even if they do not have a vulnerability, to ensure that all assets are managed and have appropriate protections in place. (Open)
- W/O SITCY22201 – Cyber-EDR Replacement – This project will replace Endpoint Detection and Response (EDR). Trellix EDR has reached end of life and is moving to a cloud-only solution. AEP requires that EDR must be on premise. (Open)
- W/O SITCY31301 – Cyber-TrellixSLARenewal2025 – This project will update and implement all of the tools identified in the Trellix Skyhigh FireEye License Service Level

Agreement which includes a suite of endpoint security products, cloud security tools and Data Loss Prevention tools, mobile protection, web gateway products, network traffic analysis, inbound file scanning, email analysis, and file detonation (sandboxing). (Open)

The Company completed work and closed out three of the projects listed above over the course of 2025. Seven projects remain open.

In Case No. 2020-00174, Kentucky Power sought and received Commission approval to amortize and recover over five years the deferred costs related to the NERC Compliance and Cybersecurity projects booked between the Commission's January 18, 2018 Order in Case No. 2017-00179 and March 31, 2020, the end of the test year in Case No. 2020-00174.

In Case No. 2023-00159, Kentucky Power sought and received Commission approval to amortize and recover over five years the deferred costs related to the NERC Compliance and Cybersecurity projects booked between the Commission's January 13, 2021 Order in Case No. 2020-00174 and March 31, 2023, the end of the test year in Case No. 2023-00159.

In Case No. 2025-00257, Kentucky Power sought and received Commission approval to amortize and recover, over five years, the deferred costs related to the NERC Compliance and Cybersecurity projects booked between March 31, 2023, and May 31, 2025, the end of the test year in Case No. 2025-00257.

The total deferred depreciation expense (\$472,061)¹ and carrying charge (\$118,460)² amounts incurred between the end of the test year in Case No. 2025-00257 (May 31, 2025)

¹ See "Depreciation Expense for period June 1,2025 – December 31, 2025" on NERC Depreciation Expense tab of **EXHIBIT NERC 1.**

² See "Total CC June 1, 2025 – December 31, 2025" on CC on investment tab of **EXHIBIT NERC 2.**

and the end of calendar year 2025 is \$590,521. The support for the deferred depreciation expense calculation is shown on **EXHIBIT NERC-1**. The support for the calculation of the deferred carrying charge is shown on **EXHIBIT NERC-2**. No operations and maintenance expenses were incurred related to these projects.

Respectfully submitted,



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