

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

In the Matter of:

Electronic Application Of Kentucky Power	)	
Company For (1) A General Adjustment Of Its	)	
Rates For Electric Service; (2) An Order	)	
Approving Its 2017 Environmental Compliance	)	
Plan; (3) An Order Approving Its Tariffs And	)	Case No. 2017-00179
Riders; (4) An Order Approving Accounting	)	
Practices To Establish Regulatory Assets And	)	
Liabilities; And (5) An Order Granting	)	
All Other Required Relief And Approvals	)	

**KENTUCKY POWER COMPANY’S 2024 KENTUCKY ECONOMIC DEVELOPMENT  
SURCHARGE PROGRAM REPORT**

Kentucky Power Company submits this annual report regarding the implementation of its Kentucky Economic Development surcharge program (“KEDS”) pursuant to Paragraph 10(c) of the Settlement agreement approved in the Public Service Commission of Kentucky’s (“Commission”) June 22, 2015 Order in Case No. 2014-00396. In that Order, the Commission recognized the importance of the role of an area’s utility in economic development and approved Kentucky Power Company’s application to establish the Kentucky Power Economic Growth Grant (“K-PEGG”) program. The K-PEGG program allows Kentucky Power to work strategically with communities, government, and economic development partners to facilitate business location and expansion in Kentucky Power’s service territory. Together, Kentucky Power and its community, government, and economic development partners are building a stronger eastern Kentucky.

## **KENTUCKY ECONOMIC DEVELOPMENT SURCHARGE**

Paragraph 10(c) of the Settlement Agreement approved in Case No. 2014-00396 requires:

Kentucky Power shall file on or before March 31, 2016, and each March 31st thereafter, a report with the Commission describing: (i) the amount collected through the Economic Development Surcharge; and (ii) the matching amount contributed by Kentucky Power from shareholder funds. The annual report to be filed by the Company shall also describe the amount, recipients, and purposes of its expenditure of the funds collected through the Economic Development Surcharge and shareholder contribution.

The required information follows.

### **Funding**

As described in the Company's March 31, 2016 filing in Case No. 2014-00396, Kentucky Power created the K-PEGG program to implement economic development activities funded through the KEDS. Kentucky Power maintains the K-PEGG program funds in a separate account.

Kentucky Power collected \$374,049 through the KEDS in 2024. The Company contributed \$374,049 in matching shareholder funds.

Since the K-PEGG program began in 2016, Kentucky Power has awarded a total of \$5,811,345 through 102 grant applications for projects to enhance economic development programs and projects that promote the creation and retention of manufacturing and/or industrial investment and jobs in the Company's twenty county service territory. A committee composed of representatives from Kentucky Power and external agencies ensures grant requests meet the guidelines of the K-PEGG program before determining awards. Grant funding is awarded for use in the following categories: Economic Development Education, Sites and Buildings-Product Improvement, Marketing and Promotion, and Professional Consulting Projects.

As described in more detail below, the Company in 2024 distributed \$669,200 of K-PEGG program funds to award grants for economic development activities.

## **Grant Activity**

Activity for 2024 included the review of 16 grant applications requesting a total of \$1,242,428 in K-PEGG assistance. Kentucky Power awarded 12 grants and declined four applications. The K-PEGG grants issued and denied during 2024 are described below.

### **Approved Grants**

- Application Number: 2024-01

Recipient: **Shaping our Appalachian Region**

Date of Grant: 04/05/2024

Amount of Grant: \$200,000

Counties Served: All twenty counties in Kentucky Power's service territory

Kentucky Power issued a K-PEGG to Shaping our Appalachian Region ("SOAR") to expand its remote worker attraction program, EKY Remote. The K-PEGG funding provided a match to secure \$1,500,000 from the Department of Local Government for additional program funding. During 2024, SOAR had a total of 65 workers relocate to 14 eastern Kentucky counties from 13 other states. These workers have an average annual income of \$117,000 and combined contribute more than \$250,000 in annual taxes. The economic impact to the state is more than \$1.8 million. The project is on-going and will be continued in 2025.

- Application Number: 2024-02

Recipient: **One East Kentucky**

Date of Grant: 03/01/2024

Amount of Grant: \$18,500

Counties Served: Floyd, Johnson, Lawrence, Letcher, Magoffin, Martin, Perry, and Pike

Kentucky Power issued a K-PEGG to One East Kentucky to participate in an international recruiting mission to the InterBattery 2024 tradeshow in Seoul, South Korea. InterBattery is the world's largest battery exhibition, with more than 1,300 companies represented. One East Kentucky traveled with a delegation of the Southern Economic Development Council and met with eight targeted companies in one-on-one meetings. Additionally, One East Kentucky spoke to company representatives at more than 50 booths at the show. Marketing materials were distributed in Korean and English languages. Since the tradeshow, One East Kentucky has provided follow-up information requested by prospects about new initiatives in the region such as the International Landing Zone. All funds have been expended, and all reports are complete.

- Application Number: 2024-03

Recipient: **Hazard-Perry County Economic Development Alliance**

Date of Grant: 06/26/2024

Amount of Grant: \$25,000

Counties Served: Breathitt, Knott, and Perry

Kentucky Power issued a K-PEGG grant to Hazard-Perry County Economic Development Alliance (“HPCEDA”) to support the organizational mission to attract, develop and expand a diversified business base in Perry County. The Alliance’s primary focus is marketing the Coal Fields Regional Industrial Park and jobs in general within the region. The grant enabled HPCEDA to recruit new businesses to the community and continue working with existing businesses in the community. Active partners with HPCEDA include One East KY, the Hazard-Perry County Chamber of Commerce, and a

host of local businesses that financially support its organization. All funds have been expended, and all reports are complete.

- Application Number: 2024-04

Recipient: **Northeast Kentucky Chamber of Commerce**

Date of Grant: 06/26/2024

Amount of Grant: \$49,155

Counties Served: Boyd and Greenup

Kentucky Power transferred the remaining balances from K-PEGG 2022-03 (\$9,352) and 2023-03 (\$39,803)<sup>1</sup> issued to Ashland Alliance to K-PEGG 2024-04 after organizational changes renamed the organization and changed its function. No additional K-PEGG funds were added to the award. Northeast Kentucky Chamber of Commerce used \$35,000 for operational support and \$4,429 was spent on economic development activities. All reports are up-to-date, and the grant will be continued in 2025.

- Application Number: 2024-05

Recipient: **Kentucky Association for Economic Development**

Date of Grant: 06/26/2024

Amount of Grant: \$60,000

Counties Served: All twenty counties in Kentucky Power’s service territory

Kentucky Power issued a K-PEGG to the Kentucky Association for Economic Development (“KAED”) to support the organization’s goals of growing and building

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<sup>1</sup> As these amounts represent a transfer from prior year funds, they are not within the \$669,200 total previously noted for 2024 distributed K-PEGG program funds.

Kentucky, and the Kentucky Product Development Initiative (“KPDI”). KPDI remains underway for Round 2, and Round 3 is entering into the site visit stage. As a contributor to covering the costs for the third-party site consulting evaluations, K-PEGG played a critical role in the success of the program that continues to be desired by communities across the commonwealth. KAED saw 45 counties served in Round 2 of KPDI and reviewed 44 proposals for Round 3. K-PEGG funds were allocated to cover consulting fees. The project is on-going and will continue in 2025.

- Application Number: 2024-06

Recipient: **Kentucky River Area Development District**

Date of Grant: 06/26/2024

Amount of Grant: \$50,000

Counties Served: Letcher

Kentucky Power issued a K-PEGG to the Kentucky River Area Development District (“KRADD”) to support a feasibility study for the City of Fleming-Neon to assess the practicality of a connectivity/office hub. KRADD is in the process of procuring a professional to complete the study. No K-PEGG funds have been expended. The project is on-going and will continue in 2025.

- Application Number: 2024-07

Recipient: **Big Sandy Area Development District**

Date of Grant: 06/26/2024

Amount of Grant: \$100,000

Counties Served: Floyd, Johnson, Magoffin, Martin, and Pike

Kentucky Power issued a K-PEGG to the Big Sandy Area Development District (“BSADD”) as a match to the Appalachian Regional Commission’s \$400,000 Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) grant. BSADD will use the funds for its Fueling Innovation, Revitalization and Entrepreneurship (“FIRE”) program. FIRE will offer a comprehensive array of small business development services tailored to foster a vibrant entrepreneurial ecosystem in the Big Sandy area. During 2024, BSADD purchased subscriptions to business intelligence platforms. BSADD also has selected a business development specialist to manage the program. All reports are up to date, and the program will continue in 2025.

- Application Number: 2024-09

Recipient: **One East Kentucky**

Date of Grant: 08/24/2024

Amount of Grant: \$60,000

Counties Served: Floyd, Johnson, Lawrence, Letcher, Magoffin, Martin, Perry, and Pike

Kentucky Power issued a K-PEGG to One East Kentucky for operational support. During 2024, One East Kentucky developed and implemented a recruitment campaign to increase interest in industrial sites throughout the nine-county region. One East Kentucky held 60 meetings with companies looking to expand or relocate operations as a result of various trade show and road show recruiting trips. To date, the pipeline consists of 26 companies representing a potential 967 jobs and \$1,237,000,000 in potential investment. Additionally, One East Kentucky created new marketing campaigns to promote existing

assets and launched a new property listing software hosted by GIS Webtech. All funds have been expended, and all reports are complete.

- Application Number: 2024-10

Recipient: **Boyd County Fiscal Court**

Date of Grant: 06/26/2024

Amount of Grant: \$1,900

Counties Served: Boyd

Kentucky Power issued a K-PEGG to the Boyd County Fiscal Court to support economic development education for the economic development director. The director attended the week-long Kentucky Institute for Economic Development course.

Graduating from this course gives the participant credit for the International Economic Development Council (“IEDC”) basic course and allows him the opportunity to participate in IEDC’s economic development institute. All funds have been expended, and all reports are complete.

- Application Number: 2024-11

Recipient: **Lewis County Fiscal Court**

Date of Grant: 06/26/2024

Amount of Grant: \$1,900

Counties Served: Lewis

Kentucky Power issued a K-PEGG to the Lewis County Fiscal Court to support economic development education for the county judge executive. The judge executive



attended the week-long Kentucky Institute for Economic Development course. Graduating from this course gives the participant credit for the International Economic Development Council (“IEDC”) basic course and allows him the opportunity to participate in IEDC’s economic development institute. All funds have been expended, and all reports are complete.

- Application Number: 2024-12

Recipient: **Greenup County Fiscal Court**

Date of Grant: 06/26/2024

Amount of Grant: \$1,900

Counties Served: Greenup

Kentucky Power issued a K-PEGG to the Greenup County Fiscal Court to support economic development education for the grant’s administrator. The administrator attended the week-long Kentucky Institute for Economic Development course. Graduating from this course gives the participant credit for the International Economic Development Council (“IEDC”) basic course and allows him the opportunity to participate in IEDC’s economic development institute. All funds have been expended, and all reports are complete.

- Application Number: 2024-13

Recipient: **Southeast Kentucky Economic Development Corporation**

Date of Grant: 08/23/2024

Amount of Grant: \$150,000

Counties Served: All twenty counties in Kentucky Power’s service territory

Kentucky Power issued a K-PEGG to the Southeast Kentucky Economic Development Corporation (“SKED”) for close-the-deal funding of the Infinity Design and Construction project in Martin. K-PEGG leveraged \$1.4 million in loan capital and provided a funding gap to SKED for the Infinity project. Infinity Design and Construction announced 36 new jobs and \$1.75 million in capital investment at the Floyd County facility. All funds have been expended, and all reports are complete.

**Denied Requests**

Application Number: 2024-08

Applicant: **Pikeville Fire Department**

Amount of proposal: \$79,275

Reason for denial: Project did not meet K-PEGG guidelines.

Application Number: 2024-14

Applicant: **The David School**

Amount of proposal: \$250,000

Reason for denial: Project did not meet K-PEGG guidelines.

Application Number: 2024-15

Applicant: **eKentucky Advanced Manufacturing Institute, Inc.**

Amount of proposal: \$200,000

Reason for denial: Project did not meet K-PEGG guidelines.

Application Number: 2024-16

Applicant: **Big Sandy Community and Technical College**

Amount of proposal: \$43,953

Reason for denial: Project did not meet K-PEGG guidelines.

### **Carried over 2020 projects**

The below provides project activity for grants issued in 2020 that experienced continued activities in 2024. The amount shown for each is the awarded grant amount.

- Application Number: 2020-14

Recipient: **USA Drone Port**

Date of Grant: 07/22/2020

Amount of Grant: \$55,000

Counties Served: All twenty counties in Kentucky Power's service territory

Kentucky Power issued a K-PEGG to USA Drone Port to construct a netted facility for drone testing. The grant would allow USA Drone Port to build one of the world's largest netted facilities and provide a broader option for their partners to test drones. A netted drone testing facility does not exist in Kentucky. In 2022, the project began seeking an alternate location as there were right-of-way issues on its current property. No grant activities occurred in 2023. Kentucky Power requested a plan for completing the project by June 2024 and USA Drone Port was notified the grant funds must be returned if there is no progress before the end of the year. USA Drone Port ceased operation in May 2024. USA Drone Port will return \$42,898.90 to the K-PEGG

fund and submit a final report to Kentucky Power. The grant will remain open until the funds and report are received. Kentucky Power expects the return of these funds in the second quarter of 2025.

**Carried over 2022 projects**

The below provides project activity for grants issued in 2022 that experienced continued activities in 2024. The amount shown for each is the awarded grant amount.

- Application Number: 2022-02

Recipient: **Johnson County Fiscal Court**

Date of Grant: 03/09/2022

Amount of Grant: \$296,775

Counties Served: Floyd, Johnson, Magoffin, Martin, Morgan, and Pike

Kentucky Power issued a K-PEGG to Johnson County Fiscal Court to continue the development of the Hager Hill Industrial Site. As a result of K-PEGG funding, Hager Hill Industrial site was able to achieve Build Ready certification from the Kentucky Cabinet for Economic Development. In 2023, Johnson County completed the purchase of the adjacent property through a Kentucky Product Development Initiative (“KPDI”) grant. Johnson County intends to use the remaining K-PEGG funds to assist in utility expansion, and the construction of a spec building or building pad. The project is being evaluated in the KPDI process and will continue in 2025. All reports are up to date.

- Application Number: 2022-06

Recipient: **City of Pikeville**

Date of Grant: 10/07/2022

Amount of Grant: \$50,000

Counties Served: Pike

Kentucky Power issued a K-PEGG to the City of Pikeville to assist in the development of a medical industry cluster led by a non-profit organization that will include city leaders, the regional hospital, institutions of higher education and businesses serving the industry. The City of Pikeville began the planning process in 2023, which included two community planning sessions and development of a survey. Pikeville also began a database of suppliers to the medical industry. Pikeville used \$26,148 in K-PEGG funds for the activities it completed for this project. Pikeville returned the remaining \$23,852 to Kentucky Power and the funds were put back into the KEDS fund. All reports are complete.

- Application Number: 2022-10

Recipient: **City of Ashland**

Date of Grant: 12/15/2022

Amount of Grant: \$21,000

Counties Served: Boyd

Kentucky Power issued a K-PEGG to the City of Ashland to assist in education for a newly hired economic development specialist. The specialist completed the basic economic development course required to enroll in the University of Oklahoma

Economic Development Institute (“OUEDI”). The grant assisted the City of Ashland with tuition and travel to the institute’s three required sessions. In 2024, the economic development specialist completed OUEDI training. She will attend graduation in May 2025. The remaining funds will transfer to 2025-01 and is considered closed. All reports are complete.

**Carried over 2023 projects**

The below provides project activity for grants issued in 2023 that experienced continued activities in 2024. The amount shown for each is the awarded grant amount.

- Application Number: 2023-09

Recipient: **City of Ashland**

Date of Grant: 12/01/2023

Amount of Grant: \$4,000

Counties Served: Boyd

Kentucky Power issued a K-PEGG to the City of Ashland for website development to include mapping and site-specific information about available commercial and industrial properties. Ashland’s website was not compatible with the proposed software changes and Ashland was unable to use this award as presented. This K-PEGG award will be transferred to 2025-01 for marketing purposes and is considered closed. All reports are complete.

- Application Number: 2023-10

Recipient: **Shaping our Appalachian Region**

Date of Grant: 12/06/2023

Amount of Grant: \$50,000

Counties Served: All twenty counties in Kentucky Power's service territory

Kentucky Power issued a K-PEGG to Shaping our Appalachian Region ("SOAR") for organizational support. The funds were used to assist SOAR in its mission to solve the deep-seated issue of population retention and growth in eastern Kentucky through its economic development efforts. All funds have been expended, and all reports are complete.

- Application Number: 2023-14

Recipient: **Johnson County Fiscal Court**

Date of Grant: 11/09/2023

Amount of Grant: \$6,130

Counties Served: Johnson

Kentucky Power issued a K-PEGG to Johnson County Fiscal Court for an economic development professional to attend a University of Oklahoma ("OUEDI") learning institute. Johnson County's economic development director completed OUEDI. All funds have been expended, and all reports are complete.