

**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 Or)	
Liabilities; And (5) An Order Granting All Other)	
Required Approvals And Relief)	

**KENTUCKY POWER COMPANY'S REPORTS
PURSUANT TO THE COMMISSION'S ORDER IN CASE NO. 2017-00179**

Kentucky Power submits the following reports pursuant to the Commission's January 18, 2018 Order in Case No. 2017-00179:

- The annual report of the previous year's activity under the Company's Renewable Power Option Rider ("Rider R.P.O.") pursuant to Paragraph 15(b) of the Settlement Agreement; and
- A report on negotiations with Marathon Petroleum LP ("Marathon") regarding the terms, conditions, and pricing for backup and maintenance service pursuant to Paragraph 11(a) of the Settlement Agreement.

RIDER R.P.O.

Paragraph 15(b) of the Settlement Agreement requires:

Beginning no later than March 31, 2018, and no later than each March 31 thereafter, Kentucky Power will file a report with the Commission describing the previous year's activity under Rider R.P.O. This annual report will replace the semi-annual reports filed in Case No. 2008-00151.

During calendar year 2017, one Kentucky Power residential customer participated in the Green Pricing Option Rider, the predecessor to Rider R.P.O. That customer paid a total of \$768 under the Green Pricing Option Rider in 2017. Additional information regarding participation under the Green Pricing Option Rider is included in **EXHIBIT GPO-1**.

MARATHON NEGOTIATIONS

Paragraph 11(a) of the Settlement Agreement provides:

In order for Marathon Petroleum LP (“Marathon”) to evaluate the economics of self or co-generation, Kentucky Power and Marathon will begin negotiations regarding the terms, conditions and pricing for backup and maintenance service within 30 days of a Commission Order approving this provision and will complete negotiations within the next 120 days. Prior to the start of the 120 day negotiation period, Marathon will provide Kentucky Power with specific information regarding the MW size of a potential self or co-generation facility and the type of generation technology being considered.

Kentucky Power reports that, consistent with the timeline established in the Settlement Agreement, it met with representatives from Marathon on February 15, 2018 to begin negotiations regarding the terms, conditions and pricing for backup and maintenance service. The negotiations are ongoing.