

Kentucky Power Company
KPSC Case No. 2017-00179 General Rate Adjustment
KCUC's Post Hearing Data Request
Dated December 13, 2017

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DATA REQUEST

KCUC_PH_1

For each economic development program that Kentucky Power has expended funding from ratepayers between January 1, 2012 to the present, please provide the following:

- a) A description of the program.
- b) The written measurable goals for each such program described before funds are expended.
- c) On an annual basis, the amount of money expended.
- d) On an annual basis, a written evaluation of the program to include the date of the evaluation.
- e) The metrics and analysis used to measure and evaluate each such program, such as new (increased) utility sales, site visits and jobs created.

RESPONSE

(a). Kentucky Power's K-PEGG program is funded in equal parts by customers through the Kentucky Economic Development Surcharge ("KEDS") and by the Company through a dollar for dollar match. The K-PEGG program is described on pages 12 – 19 of and in Exhibit BNH-2 to the direct testimony of Company Witness Hall. The K-PEGG program is also described on pages R2 – R9 of the rebuttal testimony of Company Witness Hall. Further, the K-PEGG program is described in numerous Company responses to data requests in this case.

Kentucky Power also utilizes funds from AEP's Business and Economic Development Group for economic development activities. As described in the Company's response to AG 1-309, these funds are included in the Company's cost of service and are recovered through base rates. To the extent that the Company does not earn its authorized rate of return, these costs are not fully recovered from customers. The use of these funds is described on pages 26 – 27 of the testimony of Company Witness Hall and in response to data requests in this case including AG 1-360.

(b). Kentucky Power objects to this request, and is unable to answer it in full, because it is unclear what is meant by "described before funds are expended." Without waiving this objection, the purpose of the K-PEGG Program is described on pages 8-19 of the direct testimony of

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Company Witness Hall and pages R3 – R9 of the rebuttal testimony of Company Witness Hall. As described throughout this case, and specifically on page 12 of the direct testimony of Company Witness Hall, the goal of the Company's economic development programs is to "enhance the economic development potential of the communities in the Company's service territory." The Company's economic development team sets overall goals for the attraction of new businesses to the service territory through the use of a formula, prepared by a third-party vendor, that weighs new capital investment, new jobs, and expanded electricity sales to produce a target value. In 2017, that target value was \$2,884,000. The Company exceeded its goal for 2017, achieving 1,399% of goal or \$40,336,439. Annual metrics are also included in the Company's annual Economic Development Plan of Work. Copies of the Plans of Work are included as KPCO_R_KCUC_PHDR_1_Attachment1.pdf.

(c). Please see pages 15-16 of the direct testimony of Company Witness Hall, page R2 of the rebuttal testimony of Company Witness Hall, and Attachment 1 to the Company's response to AG 1-360 for the requested information.

(d) and (e). Please refer to KPCO_R_KCUC_PHDR_1_Attachment1.pdf.

Witness: Brad N. Hall



**AEP Economic & Business Development
2012 Combined Action Plan**

**Appalachian Power Company
Kentucky Power Company**

2012 Economic & Business Development Action Plan

I. Business Attraction

Premise: To identify and facilitate the location of those firms for which we have a competitive advantage and who have identifiable, active projects for production investment.

- 1. Strategic Goal/Objective:** Collaborate with ED Allies on direct business marketing programs.
 - a. Tactic:** Financially support and sponsor specific marketing events or direct marketing programs identified by state, regional or local allies that align with Appalachian Power's and/or Kentucky Power's business and industry targets or site consultant target list.
 - b. Budget:** \$25,000
 - c. Metric:** Participate in 2 to 4 programs or events annually that attract or reach 30 or more corporate decision makers or qualified site consultants.

- 2. Strategic Goal/Objective:** Develop direct business marketing materials for Appalachian Power Company and Kentucky Power Company.
 - a. Tactic:** Design both internal and external marketing publications, brochures, mailers and web pages which promote our economic development programs and target marketing in the counties served by Kentucky Power. Coordinate all design and publications with Appalachian Power's and/or Kentucky Power's Corporate Communications staff.
 - b. Budget:** \$12,000
 - c. Metric:** Develop promotional materials and web pages by end of 2012.

II. Business Retention/Expansion

Premise: To continue to serve our existing customers by supporting their investment in our territory. To identify business development opportunities to expand their operations and/or increase their prudent use of our product.

1. **Strategic Goal/Objective:** Collaborate with Appalachian Power and/or Kentucky Power Leadership on an aggressive Economic Development Rider Rate for our service territories. Specifically, in West Virginia and a modification of the existing rider rate in Virginia.
 - a. **Tactic:** Provide economic development advice, expertise and research to Appalachian Power and/or Kentucky Power Presidents, Regulatory Affairs, External Affairs and Customer Services on crafting appropriate and aggressive ED Rider rate schedules to assist both new and existing customers. Existing customer growth is extremely important since Appalachian Power and Kentucky Power already have distribution or transmission facilities in place which may be underutilized or could be expanded. Given the current business climate, the majority of new budgeted investment dollars by companies will be spent toward expanding existing manufacturing or distribution operations.
 - b. **Budget:** \$ 2,500 (possible outsourced research)
 - c. **Metric:** Achieve a filed ED Rider for West Virginia by 2013 and a revised ED Rider for Virginia by 2015. Kentucky Power filing to be determined for an ED Rider.

III. Community Assistance (e.g., BRE, Site Certification, Research & Analysis, Strategic Planning)

Premise: To support the preparedness and product development activities of our communities. The most desirable activities are those which are most closely aligned with helping us be successful in building load.

1. **Strategic Goal/Objective:** Collaborate with AEP-ED and state/regional or local ED Allies on business and industrial park feasibility studies, including staged MEGA site development projects. In addition, provide assistance and direction in further developing existing business and industrial parks.
 - a. **Tactic:** Financially support engineering and environmental studies needed to qualify business/industrial park sites for development or further study of industrial sites already identified.
 - b. **Budget:** \$40,000
 - c. **Metric:** Participate in 2 or 3 studies or projects annually.

2. **Strategic Goal/Objective:** Collaborate with AEP-ED and state/regional/local ED Allies to identify “data center sites” in Appalachian Power and/or Kentucky Power areas.
 - a. **Tactic:** Financially support engineering and feasibility studies on potential data center sites near transmission and distribution facilities focusing on Data Center “Cost Drivers” such as electric power, fiber, environmental, construction costs, and labor availability and labor costs.
 - b. **Budget:** \$40,000
 - c. **Metric:** Participate in 2 or 3 studies annually.

3. **Strategic Goal/Objective:** Collaborate with AEP-ED and Kentucky state/regional/local ED Allies to identify sites for all prospects brought to our attention. Prospects are being supplied by AEP’s National Account Managers, efforts by Appalachian Power, efforts by Kentucky Power, and state/regional/local ED allies.
 - a. **Tactic:** Collect and create an inventory of properties across our service territories. The properties will be inventoried in AEP’s LOIS system that is being managed by AEP-ED.
 - b. **Budget:** \$0
 - c. **Metric:** Have at least 10 properties in LOIS for eastern Kentucky by the end of 2012. Have at least 10 properties in LOIS for APCo territory. Provide LOIS access and training to ED allies to support this effort.

4. **Strategic Goal/Objective:** Work with Kentucky Power communities to collect, prepare and learn the demographics of each community (baseline statistics, economy, politics, business and industry base, and workforce statistics).
 - a. **Tactic:** Collaborate with local ED Allies to identify the information and organize it into a presentable document.
 - b. **Budget:** \$0
 - c. **Metric:** Have information presented on local focused websites (ADD Districts, Chambers, and local governments) as well as listing the information on the AEP-ED website at www.aeped.com by the end of 2013.

5. **Strategic Goal/Objective:** Assess and determine the workforce challenges of each Kentucky Power community in the service area utilizing resources like the Area Development Districts and Eastern Kentucky Concentrated Employment Program to develop a plan to have work ready employees for the potential job growth of our efforts.
 - a. **Tactic:** Collaborate with local ED Allies to develop a strategic plan for increasing the amount of job ready laborers for the targeted industries.
 - b. **Budget:** \$0
 - c. **Metric:** To have a strategic plan in place by the end of 2013.

IV. Organizational

Premise: To build world class economic development skill sets among our staff and our key allies.

1. **Strategic Goal/Objective:** Collaborate with Appalachian Power and Kentucky Power ED Allies on increased ED training or community development finance training.
 - a. **Tactic:** Financially support allies with payment of tuition or registration fees to attend qualified ED training programs through organizations such as IEDC, SEDC, Community Development Finance, or other programs deemed qualified by Appalachian Power and/or Kentucky Power.
 - b. **Budget:** \$4,000
 - c. **Metric:** Participate with up to four ED ally organizations.

Summary of Action Plan Budget

1. Business Attraction - ED Marketing Events :	\$25,000
2. Business Attraction - Marketing Materials:	\$12,000
3. Business Attraction & Retention - Develop ED Riders:	\$ 2,500
4. Community Assistance - Industrial Park Studies :	\$40,000
5. Community Assistance - Identify Data Center Sites:	\$40,000
6. Organizational - ED Ally Training Programs:	\$ 4,000
	Total: \$123,500



AEP Economic & Business Development

**Kentucky Power Company
2013 Plan of Work Discussion**

1. Business Attraction

Premise: To identify and facilitate the location of those firms for which we have a competitive advantage and who have identifiable, active projects for production investment.

- a. Develop a signature program to sponsor/facilitate in conjunction with the Ashland Alliance, FiveCo Area Development District, East Park Industrial Authority, and Wurtland River Port Authority. This will be done in cooperation with Ashland Alliance. **(Budget \$10,000)**
 - i. Be a key sponsor and partner in the creation of a new economic development focused website for the Ashland Alliance. I will also make sure that we will have a logo on the site as well as a link to our E&BD site. The total anticipated cost for the project is between \$25K and \$35K.
 - ii. We have sponsored and paid \$5,000 to the Ashland Alliance Economic Development effort. Kentucky Power has committed to pay a total of \$15,000 to the effort over three years at \$5,000 per year. The Alliance has hired Jim Bruce and Buzz Canup to do an economic development gaps analysis for their service area (Boyd and Greenup Counties). With this sponsorship, we have a seat at the table for the development of this effort.
 - iii. I have worked with Bill Hannah to be the key sponsor of his new ED website. They currently do not have a site and they are engaging a contractor to complete this work. We will sponsor for \$15,000.
- b. Develop a signature program for the third sector of our Kentucky Territory (Breathitt, Leslie, and Perry counties) in conjunction with Kentucky River Area Development District, Coalfields Industrial Authority, and the Hazard – Perry County Chamber of Commerce.
 - i. Provide training opportunities for key economic development staff in this territory. Funding for this is allocated in section 3.f.
 - ii. We have provided a scholarship to the Kentucky Institute of Economic Development for the Economic Development Director of Perry County, Randy Bailey, CEO of Southeast Kentucky Chamber, Jared Arnett, and the Grayson City Mayor. The training takes place in Lexington August 19-22.

- c. Continue to develop partnership with the Kentucky Association of Economic Development through committee participation, membership events, and sponsorship.
- i. Sponsor key events throughout 2013. We have already committed and paid to sponsor the consultant dinner at the Spring Conference in April. **I sponsored the Site Consultant Luncheon at the Fall Conference in Covington in November for \$2500.00.**
 - ii. Sponsor 10 free memberships to LEDO's in our service territory. We have committed and paid this money for 2013. We will need to develop a selection process and get these LEDO's chosen early in 2013. The LEDO's for this effort are being chosen now. This should be completed by the end of August.
 - iii. Attend KAED trainings as well as Spring and Fall Conferences. I attended the Spring Conference in April. The Fall conference is in November. **I attended the Fall Conference last week in Covington, KY.**
 - iv. I have been asked to serve on the Policy Committee and Washington Fly-In Committee of the organization for 2013. I did not get to attend this program. However, I did serve on the committee to plan the event. They traveled to Washington in June. **(Budget Concerns)**
- d. Continue to develop our partnership with Kentucky United. We have committed and paid for the 2012-2013 and 2013-2014 investment. This will allow us to participate in Consultant Meetings, Marketing Meetings, and influence the work of the organization. **(Budget \$8,000)**
- i. Attend and sponsor at least one Marketing Trip in 2013.
 - ii. Attend as many "Meet the Consultants" events as possible. **I attended two "Meet the Consultant" events this year, one in the spring and one in the fall.**
 - iii. Participate in all Key Investor meetings of the organization. **I have participated in all of the key investor meetings for this organization. There have been three of these events this year.**
- e. Continue to develop our relationship with the Kentucky Cabinet for Economic Development to ensure that we are getting timely notices of prospects. Also, to ensure that they see us as a key ED contact for our service territory. **(Budget \$4,000)**
- i. Sponsor the 2013 Kentucky Economic Development Guide publication. We have already committed and paid for this for 2013. Our ad was submitted in February and the magazine is printed and out to the public. Our ad can be found on page 52. I have forwarded copies to the E&BD team as well as the National Accounts team.
 - ii. **We have committed a sponsorship for the 2014 publication and we have paid that invoice, \$3900.00.**
 - iii. **I have worked closely with the Cabinet Secretary and Business Development Commissioner to educate them on eastern Kentucky and keep them plugged into our consulting efforts. This has resulted in the SOAR Summit on December 9th in Pikeville. I am serving on the planning committee for this event.**

2. Business Retention/Expansion

Premise: To continue to serve our existing customers by supporting their investment in our territory. To identify business development opportunities to expand their operations and/or increase their prudent use of our product.

- a. Visit with existing businesses in the territory and assist those that are interested in expanding their business **(Budget \$4,000)**
 - i. Kellogg's Plant, Pikeville Kentucky – This plant produces 3.2 million pounds of pop-tarts per day and 2.5 million pounds of nutri-grain bars per day. There is a potential to add another line of manufacturing to this plant adding increased demand for KY Power and 100 jobs to the facility. An anticipated \$1.5 million upgrade to the existing transmission line may be required to eliminate existing power delivery issues as well as meet the potential new demand. I will be meeting with the new plant manager to explore how we can eliminate all barriers to allow for this plant to expand. I met with the leadership team of Kellogg's on June 13th. The power issues continue to be a problem there. Transmission is at a loss for next steps without a major capital improvement. I assisted them with contacts for the Cabinet for ED and other area resources for their meeting with corporate to pitch the plant expansion. We are waiting on a corporate decision, but power concerns are at issue. We can discuss this further at our meeting. **Kentucky Power has committed \$32,000.00 to pay for an EPRI study at the Kellogg plant. This study will be completed by February, 2014. The plant is still in competition for an expansion and we are assisting them in this effort.**
 - ii. Marathon Oil – This plant in Catlettsburg, KY is one of 4 plants being considered for expansion in the U.S. I will be working with the management of the Kentucky plant in an effort for this plant to win the expansion. This expansion would add \$20 million in annual revenue for KY Power.
 - iii. Develop a plant visit schedule in conjunction with LEDO's for 2013. This will build better relationships with our existing businesses and LEDO's while allowing us to determine candidates for growth and expansion. **I put together a BRE team to meeting with Kellogg and we have had 5 BRE visits with them over the last several months. This group is assisting them in solving several issues that are hampering their expansion efforts.**
 - iv. Develop training for LEDO's on business retention and provide a webinar or seminar on the topic.
 - v. Business appreciation luncheon for top customers to assist in staying in tune with their needs and identifying possible expansion opportunities.
- b. Collaborate with Kentucky Power Leadership on an aggressive **Economic Development Rider Rate** for Kentucky. Kentucky Power currently does not have an ED Rider in place

while other utilities near us does. I have briefly discussed this with KY Power leadership and they are willing to consider this as an option. The ED Rider for the largest utilities provider in Kentucky, LG&E KU, looks as follows:

- i. The Brownfield Development EDR is available to customers locating at sites that have been approved and added to the Brownfield Inventory maintained by the Kentucky Energy and Environmental Cabinet. The Brownfield EDR is available for billing loads of 500 kVA (or kW as is appropriate) or greater where the customer takes service from existing company facilities.
- ii. The Economic Development EDR is available to new customers contracting for a minimum annual average monthly billing load of 1,000 kVA (or kW as is appropriate); and existing customers contracting for a minimum annual average monthly billing load of 1,000 kVA (or kW as is appropriate) above their existing base load.
- iii. Your demand charge will be reduced by the following amounts under EDR:
 1. First contract year — 50%
 2. Second contract year — 40%
 3. Third contract year — 30%
 4. Fourth contract year — 20%
 5. Fifth contract year — 10%
- c. Collaborate with Kentucky Power Leadership to examine the possibility of applying for an **Economic Development Rate** to be paid by our customers to fund our ED efforts in Kentucky. Charging at least \$0.25 per customer, per month could result in as much as \$516,000 annually.
- d. I am working with Regulatory officials in Kentucky Power to develop an ED Rider rate. We have had several meetings and I have collected resources from across our service territory. It is our desire to have something in place before year end.
- e. **Our Kentucky Power team has completed our recommended ED Rider and a Recovery Rate plan. We have submitted this to Kentucky Power leadership for review and approval. We hope to submit our request to the Kentucky PSC by the beginning of 2014.**

3. Community Assistance (e.g., BRE, Site Certification, Research & Analysis, Strategic Planning)

Premise: To support the preparedness and product development activities of our communities. The most desirable activities are those which are most closely aligned with helping us be successful in building load.

- a. InSite Project – We kicked the project off by conference call on January 7th. InSite plans to be onsite January 29th-31st and we have lots of information to collect and things to prepare by that time. This project encompassed 8 counties and will be complete by the

end of June, 2013. At the end of the process, we will determine the next phase of the project based on the results of the study. **(Budget \$10,000)**

- i. This project has gone extremely well. We will be delivering the final analysis to the communities July 31-August 2. I have attached the final document for your review. This document has not yet been made public. We have already entered into a phase II for this project to focus on site analysis for key industrial sites without our service territory. We will utilize the money budgeted in this section 3A and in section 3C and you have so kindly offered to kick in the difference. Thank you.
- b. Provide 3 scholarships for the Kentucky Institute of Economic Development's Basic Course in 2013. We have already committed and paid for these scholarships. We will need to determine the recipients of these scholarships. We have provided these three scholarships to three key LEDO's throughout our service territory. The training is in Lexington August 19-22. The scholarship recipients are: Jared Arnett, CEO Southeast KY Chamber, Randy Bailey, ED Director Perry County, and George Steele, Mayor of Grayson. **We received much thanks from our scholarship recipients as well as from the leadership at KIED.**
- c. Identify key sites in the service territory and provide key support efforts in the development of those sites. Efforts to include, but are not limited to, Site Certification, Phase I Environmental Studies, Third party analysis, evaluations, support marketing, and site locations. **(Budget \$10,000)**
 - i. Phase II of the Insite project will incorporate our efforts here and the budgeted dollars. See section 3A. As for Site Certification, I met with Bill Hannah on July 15th so that he can begin the thought process of a property to submit for our site certification project.
 - ii. **Our Phase II analysis is complete and we are delivering these results to our stakeholders. I am making presentations to all of the area industrial authorities and they are beginning to make plans to make the necessary property improvements recommended. The study has also spawned the creation of a new industrial property being created in Pikeville.**
- d. Devote additional resources to site inventory collection for our service territory to add to the LOIS database. We will make major success on this line item with our Phase II Insite Project. **I am submitting all of the information collected during our Phase II analysis to Cindy Hoover to being entering this data into LOIS.**
- e. Study for design and implementation of a railroad trans-loading station. This would be in cooperation with CSX or Norfolk-Southern near one of our industrial parks. We do not have rail-to-site at any of our industrial parks and this could be a solution to that

road block. I have met with ED Directors for both Norfolk and CSX. They have great interest in doing something in east KY. We are working to explore this further. I have met multiple times with CSX concerning a station for Kellogg's. We are continuing these discussions.

- f. Provide webinars or seminars for LEDO's on various topics in an effort to improve the skillsets of the local ED professionals. Topics to include but are not limited to: How to fill out an RFI, Use of technology in ED, Building ED websites, Analyzing your labor market, working with prospects, and business retention. **(Budget \$4,000)**
- g. Host an ED Summit for all LEDO's in the service territory. Provide a keynote speaker, training, and an opportunity to learn from one another. **(Budget \$5,000)**
 - i. We had our ED Summit on June 6 in Paintsville, KY. I believe the event was a great success. We had great attendance and participation and all of the verbal feedback from the participants was nothing but positive. I have not seen the official evaluation results yet. We did not use all of the budgeted money for this event as InSite Consulting on charged us lodging and expenses for the event.
- h. Provide marketing assistance to LEDO's for the marketing of various properties in the service territory. Efforts to include but are not limited to the creation and printing of collateral materials, period ads in key ED publications, videos of property, and direct mailings. **(Budget \$5,000)**
 - i. We will be sponsoring the creation of a new Regional ED Website for One East Kentucky (a new Regional EDO being created under our consultation). The Southeast Kentucky Chamber has already entered into a contract with a consultant for this project. It will also make us a Gold Sponsor of the One East Kentucky effort providing us with much recognition. The cost is \$10,000.00.
- i. The creation of an 8-10 county Regional EDO (Southeast Kentucky Chamber). Our efforts have resulted in the creation of this new regional group. I will be on the board of directors and we are considered key consultants for this effort.
- j. SOAR (Shaping Our Appalachian Region) – This program of work is a result of the coal job loss and our work with InSite. This program is being created by the Governor of Kentucky along with Congressman Hal Rogers. There have been two planning sessions of which I serve on the committee. The Summit is scheduled in Pikeville on December 9th and I will be one of the presenters. We will also have IEDC in attendance along with every legislative and local leader in the area. Currently, there are over 800 folks registered.

Summary of Plan of Work Budget

1. Business Attraction Efforts	\$22,000
2. Business Retention Expansion Efforts	\$ 4,000
3. Community Assistance Efforts	<u>\$34,000</u>

Total KY E&BD Budget for 2013 \$60,000

Monies expended for Fiscal Year 2013

- **\$797.17 for ED Summit**
- **\$26,081.06 for InSite Consulting Phase II**
- **\$3,900.00 for Kentucky Cabinet for ED Magazine**
- **\$2,500.00 KAED Site Consultant Luncheon**
- **\$10,000.00 Proposed for One East KY Regional EDO Website**
- **\$15,000.00 Proposed for Ashland Alliance Regional EDO Website and marketing materials**
- **Currently available is \$1,721.77. I recommend committing these dollars to KIED for 2014 scholarships. I also have one invoice coming for the video recording of the ED Summit we hosted.**

Monies expended by Kentucky Power for Fiscal Year 2013

- **\$5,000.00 for Ashland Alliance (three year commitment totaling \$15,000.00)**
- **\$32,000.00 EPRI Study for BRE efforts at Kellogg's Plant of Pikeville**



AEP Economic & Business Development

**Kentucky Power Company
2014 Plan of Work Discussion
Quarter 4 Update**

I. Business Attraction

Premise: To identify and facilitate the location of those firms for which we have a competitive advantage and who have identifiable, active projects for production investment

1. Strategic Goal/Objective: Collaborate with ED Allies on direct business marketing programs.

- a. **Tactic:** Financially support and sponsor specific marketing events or direct marketing programs identified by state, regional or local allies that align with Kentucky Power's business and industry targets or site consultant target list.
- b. **Budget: \$15,550**
 - i. Kentucky Association of Economic Development Spring and Fall Conference consultant luncheons.
 - ii. Kentucky Cabinet for Economic Development state economic development magazine. Purchase an ad in this award winning magazine.
 - iii. Kentucky United, a public / private partnership between private industry and the State ED Cabinet. A President's level sponsorship.
- c. **Metric:** Participate in 2 to 4 programs or events annually that attract or reach corporate decision makers or qualified site consultants.
- d. **Quarter 2 Update:**
 - i. KAED Conference Sponsor -- We entered into a contract to be the Site Consultant Luncheon Sponsor for both the Spring and Fall Conferences for KAED. The Spring conference took place in Owensboro, KY during April. Total cost **\$5,000**. The consultants present were:
 1. Jonathan Dudley, Mohr Partners – Dallas
 2. Derith Jarvis, Mohr Partners – Dallas
 3. Dennis Burnside, Mohr Partners – Cleveland
 4. Jim Robey, Mohr Partners – Cleveland
 5. Ann M. W. Petersen, Jones Lang LaSalle
 6. Kelly Armstrong, Webster Global Site Selectors
 - ii. KY ED Cabinet Magazine Sponsor -- We sponsored an ad in the 2014 edition of the KY ED Cabinet annual magazine. The magazine was printed early spring and I sent a copy to our AEP ED Team by pony express. We have money in the 2014 budget to purchase an ad in the 2015 edition as well. This will be paid in December, 2014.
 - iii. Kentucky United President's Sponsorship – Our current membership will expire on June 30, 2014. I have budgeted money to renew our

membership on July 1, 2014 in the amount of **\$6,250**. I have a seat on the board of this group and we met for our annual board meeting in Bardstown on June 4, 2014. Several consultant and marketing events are planned for the next several months.

e. **Quarter 3 Update:**

- i. KAED Conference & Seminar Sponsor – Our premiere sponsorship for this organization provided the opportunity to sponsor two key events. These two events will put us in direct contact with 5-6 site location consultants.
 - 1. In September, we hosted a free seminar in Prestonsburg, KY with KAED. The keynote speaker was Tom Sims of CBRE in Louisville. Tom provided a discussion on best practices for site location and prospecting. We had over 20 participants at the event.
 - 2. We are set as a presenting sponsor for the KAED Fall Conference in Louisville on November 12-14. We will also be the host of the Site Consultant Luncheon during the event. There will be 4-5 consultants at this event.

f. **Quarter 4 Update:**

- i. We committed to an advertisement in the Kentucky Economic Development Guide for 2015. This publication will be distributed in March, 2015 and we will have a full page ad. The magazine is a wide distribution including all of the Cabinet for Economic Development Contacts as well as their site consultant database. **\$4,300**.
- ii. As mentioned in our 3rd Quarter update, we sponsored KAED's site consultant luncheon at the Louisville Fall Conference. We had direct contact with six consultants, including the following:
 - 1. John Austin, Manager, Ernst & Young
 - 2. Jamie Lindermann, Manager Tax Practice, Ernst & Young
 - 3. Philip Hurak, Senior Manager, Ernst & Young
 - 4. Craig Nielson, Manager Director, Hart Corporation
 - 5. Justin Baker, Founding Partner, TRIO Commercial Property Group
 - 6. Lacy Beasley, VP Business Development, Retail Strategies

2. **Strategic Goal/Objective:** Develop and/or participate in impactful ED programing or projects in collaboration with ED Allies.

- a. **Tactic:** Develop and/or participate in programs or projects to assist ED Allies in efforts to achieve business attraction and professional practices for ED efforts.
 - i. Develop and/or participate in an ED impactful project with the newly started REDO, One East Kentucky.
 - ii. Develop and/or participate in an ED impactful project with the Ashland Alliance as they work to reboot their regional ED efforts.
 - iii. Develop and/or participate in direct marketing campaigns as related to the marketing of ED properties within the service territory.
- b. **Budget: \$725**
- c. **Metric:** To have created or participated in at least 2 impactful ED projects in the service territory.
- d. **Quarter 2 Update:**

II. Business Retention/Expansion

Premise: To continue to serve our existing customers by supporting their investment in our territory. To identify business development opportunities to expand their operations and/or increase their prudent use of our product.

1. **Strategic Goal/Objective:** Collaborate with Kentucky Power Leadership to create and implement an aggressive Economic Development Rider Rate for Kentucky.
 - a. **Tactic:** Provide economic development advice, expertise and research to Kentucky Power President and Regulatory Affairs on crafting appropriate and aggressive ED Rider rate schedules to assist both new and existing customers.
 - b. **Budget:** \$0
 - c. **Metric:** Achieve a filed ED Rider for Kentucky by the end of 2014.
 - d. **Quarter 2 Update:**
 - i. Our ED Rider draft is 95% complete. I have been working with our new Regulatory manager, John Rogness, and we are presenting our draft to Greg Pauley tomorrow. We plan to file with the Kentucky Public Service Commission by the end of July.
 - e. **Quarter 3 Update:**
 - i. Kentucky Power filed a proposed economic development rider with the Kentucky Public Service Commission in mid-September. If the rider is allowed, it will be the first one of its kind in our service territory. We worked diligently to create a rider that was unique to Kentucky in that it provides the option for flexible contract years.
 - f. **Quarter 4 Update:**
 - i. The KY Public Service commission requested for additional time to review our proposed ED Rider. This allows them up to 120 days of additional time before a decision has to be made. We have prepared testimony and we have answered additional data requests from the Commission. They have until March 31, 2015 to make a final decision.
2. **Strategic Goal/Objective:** Collaborate with Kentucky Power Leadership to examine the possibility of requesting to the Kentucky Public Service Commission to allow for an EDCRS (Economic Development Cost Recovery Surcharge).
 - a. **Tactic:** Design and make request to the public service commission for an EDCRS to be paid by the customers and potentially to include some AEP matching funds.
 - b. **Budget:** \$0
 - c. **Metric:** Application to Kentucky Public Power Service Commission for the EDCRS filed in 2014 if approved by the leadership of Kentucky Power.
 - d. **Quarter 2 Update:**

- e. Quarter 3 Update:
 - i. I have turned the management of this project over to the Pikeville Customer & Distribution Manager, Bob Shurtleff. However, he keeps me updated on the progress of the effort.
- f. **Quarter 4 Update:**
 - i. Kellogg, the customer continues to use the EPRI study results we provided to make system improvements in their facility in Pikeville. We plan a follow up meeting in early 2015 to get a status report of their progress.

III. **Community Assistance** (BRE, Site Certification, Research & Analysis, Strategic Planning)

Premise: To support the preparedness and product development activities of our communities. The most desirable activities are those which are most closely aligned with helping us be successful in building load.

1. **Strategic Goal/Objective:** Collaborate with AEP-ED and state/regional or local ED Allies on business and industrial park feasibility studies as well as provide assistance and direction in further developing existing business and industrial parks.
 - a. **Tactic:** Financially support engineering and environmental studies needed to qualify business/industrial park sites for development or further study of industrial sites already identified.
 - b. **Budget: \$72,975**
 - i. Marion's Branch Packaging project: Complete consulting project to package and prepare this new industrial park for market.
 - ii. Coalfields Industrial Park Packaging Project: Complete consulting project to package and prepare this regional industrial park for market.
 - c. **Metric:** Participate in 2 or 3 studies or projects annually
 - d. **Quarter 2 Update:**
 - i. We entered into a contract with InSite Consulting for a Phase III project as described above. Our first site meeting and orientation meeting took place for each site on May 28th and June 29th respectively. The City of Pikeville has really embraced the project for their Marion's Branch property and we have since had two more visits with InSite. InSite presented the project and their recommendations to the Pikeville City Commission during a Work Session on June 9th. InSite and Kentucky Power along with the City of Pikeville met with the Governor's Office and Congressman Roger's office to discuss the first tenant of the park and the financial needs to get the park ready on June 13th at the Capitol in Frankfort, KY. InSite is currently collecting data from our infrastructure partners for each site. We have currently expended \$31,301.96 of the \$60,200 contract.

- ii. One East KY: This organization is working to enter into a contract with NCDS, Howard Benson, to launch a capital campaign to get this REDO off of the ground. I would like to be one of the signature sponsors of this project in the amount of **\$8,000**. They have multiple commitments from other companies totaling \$22,000. Our \$8,000 would get them to their goal of \$30,000 to pay the initial cost of the NCDS project of \$30,000. We would be the largest donor for the project. I have attached One East KY's proposal for the investment.

e. Quarter 3 Update:

- i. Phase III InSite Consulting: The InSite team has made multiple site visits to both the Marion Branch and Coalfields sites to meet primarily with utility stakeholders and engineers of record. The team is working to have service letters and complete due diligence items for both properties by the end of the year. We are on track to complete the contract by end of year or early 2015. We have expended \$43,595 of the \$60,200
- ii. One East KY: We solidified our premiere sponsorship of the One East Kentucky Funding project. NCDS has kicked off their initial study and we had a key stakeholder meeting in mid-September. We have a seat on the steering committee and we expect to formalize the organization by early 2015.

f. Quarter 4 Update:

- i. The InSite Phase III project is winding to a close, but we will not be 100% complete until February or March of 2015. The Marion Branch project is coming along very nicely and based on our work, we already have two investments by one company, and we have two more companies that should announce in Quarter 1 of 2015. The Coalfields progress is dragging a bit due to information gathering roadblocks on the local level. We are resolving this as we speak. The Coalfields property has caused the time overrun. We have expended **\$53,595.02** of the \$60,200. All that remains outstanding in potential expenses that will likely be incurred in January and February.
- ii. Committed to be a key investor in the One East Kentucky Regional Economic Development Organization effort. This is a 9 county REDO that will be launching in 2015. Kentucky Power has committed to an annual investment of \$20,000 for 5 years. I committed **\$11,380** from our budgeted 2014 E&BD dollars for 2015 leveraging the Kentucky Power dollars for the remainder of the \$20,000 commitment. As part of the pre-pay effort, Kentucky Power has also paid \$20,000 for the 2016 commitment. This commitment, along with our InSite projects will solidify us as the key sponsor for this effort. We will be guaranteed a seat on the steering committee and board of directors. We will also be the prime sponsor for the upcoming collateral publication for site consultant marketing.

- 2. **Strategic Goal/Objective:** Collaborate with AEP-ED and state/regional/local ED Allies to identify potential sites for the site certification program in Kentucky Power area.

- a. **Tactic:** Support efforts to determine potential sites for the AEP-ED Site Certification Program in the Kentucky Power service area.
 - i. East Park Industrial Park: Assist the Ashland Alliance and the East Park Industrial authority to get this site included in the program for 2014.
 - b. **Budget: \$14,800**
 - c. **Metric:** Participate in the effort to get at least one property from Kentucky to be considered in this program.
 - d. **Quarter 2 Update:**
 - i. We have been working with the Ashland Alliance and the Northeast KY Industrial Authority to complete the site certification process for East Park near Ashland, KY. The community has made it to Phase III in the process and they have a site visit scheduled for June 25th with McCallum Sweeney.
 - e. **Quarter 3 Update:**
 - i. We recently had our community meeting in Ashland on the Quality Site Project. We had a full house during the McCallum Sweeney presentation and the feedback has been great. The Ashland Alliance has embraced this as their number one project over the next several months. I am working closely with their team to insure we get the materials prepared as soon as possible. I would like to use some of our funding to support this effort. Is that possible?
 - f. **Quarter 4 Update:**
 - i. As requested and discussed at the end of Quarter 3, we moved monies to this category to support the Site Certification Program. In December, 2014, we are sponsoring a project with the Ashland Alliance to complete all of the documents and materials required for the Site Certification project by March 31, 2015. Ashland Alliance has already contracted with MSE Engineering to oversee the project with the monies allocated. AEP will receive much recognition for this effort as well as the opportunity to complete the McCallum Sweeney requirements 5 months early. The cost is **\$14,800**. The Ashland Alliance has leverage this investment to receive a matching \$14,800 from the Woodland Foundation that will be used to pay for any required due diligence items for the project, such as an updated wetlands study.
3. **Strategic Goal/Objective:** Establish a five year economic development grant program focused on seven counties of our twenty county service territory as ordered in the Mitchell Asset Transfer Agreement.
- a. **Tactic:** Establish the new KEAP Fund, (Kentucky Power Economic Advancement Program), for a seven county area in order to provide \$200,000 for ED efforts in 2014. This will include: creating marketing materials, establishing a review

committee, community meetings, project management, and grant award follow up meetings.

- b. **Budget:** \$200,000 (Provided by AEP as per the ATR agreement)
- c. **Metric:** Program established, grants awarded, and awarded projects underway or completed.
- d. **Quarter 2 Update:**
 - i. We have established this program and we should be announcing our first winners of the grant program next week. We put together a review team of four Kentucky Power employees and two outside ED professionals, a representative from KAED and a representative from the KY ED Cabinet. The application deadline was April 30th. The applicants then presented their project ideas to the committee in person on May 27th in Louisa. The team has settled on their award recommendations and we are waiting on final approval from Greg Pauley before presenting the \$200,000 in grants.
- e. **Quarter 3 Update:**
 - i. The winners of the program were announced in July. I will be working closely with these winners to insure that the projects make it to completion. We will begin the next round of grants beginning in January, 2015. The winners included:
 - 1. **Big Sandy Area Development District:** The development district will receive \$8,000 for advanced economic training for three individuals from all three local area development district offices: Big Sandy ADD; FiveCo ADD and Gateway ADD. The training is part of the Certified Economic Developer Program through the University of Oklahoma.
 - 2. **City of Paintsville:** The city was awarded \$100,000 to further develop and enhance the Teays Branch economic development site at 120 Scott Perry Drive. The funds will be used primarily to facilitate the construction of adequate parking space to better market the site for potential development. The site includes a newly renovated \$4 million dollar building owned by the city that will be marketed to potential business prospects.
 - 3. **Louisa Chapter Southeast Kentucky Chamber of Commerce:** The chapter was awarded \$92,000 to assist in the development of an upstart business – a metal, roofing and building-supply company – based in Louisa that is expected to have a near-term benefit of 10-20 new, skilled labor positions.
- f. **Quarter 4 Update:**
 - i. The 2014 KEAP program is complete. Our next round of grants will begin in 2015.

4. **Strategic Goal/Objective:** Participate in the Kentucky initiative SOAR, (Shaping Our Appalachian Region). SOAR is a bi-partisan initiative established by Governor Beshear and Congressman Hal Rogers focused on economic development initiatives for the heart of Appalachia in Kentucky.
- a. **Tactic:** Collaborate with officials and volunteers to assist in steering the direction of this effort and how it can impact the region in job growth and expansion.
 - b. **Budget:** \$0
 - c. **Metric:** Participate in at least one committee for the SOAR program.
 - d. **Quarter 2 Update:**
 - i. Our consulting project was the driving factor in the creation of the SOAR initiative. Thus, Greg Pauley and I have been at the table since the inception of this project. As a result, I was named Chairman of the Business Attraction Committee. This committee will be holding five listening sessions throughout our service territory over this summer beginning with our first session in Pikeville on June 23rd. The SOAR initiative has already made two major announcements with the completion of the Mountain Parkway from Central to Eastern KY and a Dark Fiber project to route a dark fiber throughout Eastern KY.
 - e. **Quarter 3 Update:**
 - i. I was named as the Chairman of the Business Recruitment, Retention, and Expansion Committee for SOAR. I am leading a team of 15 business leaders and stakeholders from the region. The committee recently issued a strategic plan of work to attract, retain and grow businesses in the region. In September, I presented our strategic plan to the Executive Committee of SOAR as well as the Kentucky Governor and US Congressman Hal Rogers. I will continue to lead this team as we work to create policy, a plan of work, and funding to assist our local, regional, and State economic development partners in diversifying and growing our economy.
 - f. **Quarter 4 Update:**
 - i. The organization has hired its first Executive Director and I will be continuing my efforts as a committee chairman for the organization. Large amounts of public and private funding are being put into this organization to begin to make key investments into the economy to create jobs. My role in this organization will allow us to continue to advise and influence the strategic plan and goals of the organization.

IV. Organizational

Premise: To build world class economic development skill sets among our staff and our key allies.

1. **Strategic Goal/Objective:** Collaborate with ED Allies on increased ED training or community development finance training as well as providing other opportunities for training for our LEDO's and REDO's.
 - a. **Tactic:** Financially support allies with payment of tuition or registration fees to attend qualified ED training programs through organizations such as IEDC, SEDC, KAED, KIED, Community Development Finance, or other programs deemed qualified by Kentucky Power.
 1. Kentucky Institute of Economic Development (KIED): Provide three scholarships to this program held during August of each year.
 2. Webinars and/or seminars for ED allies on various topics.
 3. ED Summit for all ED allies. Provide a keynote speaker, training, and an opportunity to learn from one another.
 4. Assist two IEDC programs that will be occurring in the KY Power service territory, (Workforce Skills Assessment and One East KY Development Program)
 - b. **Budget:** **\$6,900**
 - c. **Metric:** Participate with up to 3 ED ally organizations.
 - d. **Quarter 2 Update:**
 1. KIED August – We have just decided on the three people who will receive our three scholarships for this program in 2014: Floyd County Chamber Executive, Johnson County Chamber Executive, and Perry County Chamber Executive. We will be making this announcement by June 30th and present the scholarships. We have budgeted for three more of these scholarships for 2015 and we will pay this invoice in December, 2014.
 2. IEDC Grant Programs – We assisted in the organization and grant application for these two projects. Both projects were very successful. The training program was well attended and we were listed as a sponsor of the program. The One East KY Program occurred in early May and was extremely successful. We had three practicing ED professional from across the country assisting One East KY in a plan to create their By-Laws, Organization Mission, Board Makeup, and Financial needs. This has resulted in the NCDS project mentioned above.
 - e. **Quarter 3 Update:**
 1. KIED August: We had three local chamber executives from Hazard, Prestonsburg, and Paintsville accept the scholarships and attend this year's training. All three were so appreciative and found the experience to be extremely valuable.
 2. KAED ED Consultant Seminar – In September, we sponsored and hosted a seminar in Prestonsburg with consultant Tom Simms of CBRE of Louisville. We have 25 local ED managers in attendance. The event was well received.
 - f. **Quarter 4 Update:**
 1. We have committed **\$1,650** to KIED for three scholarships in 2015. We will choose the scholarship recipients early in 2015.
 2. We have committed to a face-to-face training seminar for our local economic developers with Carol Johnson. The seminar will be held early in 2015. We paid **\$5,250** to hold the date. We will owe the remainder including travel and materials after the training session in 2015.

V. Above and Beyond Accomplishments for 2014

Premise: Key accomplishments above and beyond Plan of Work for the year.

- a. Achieved additional revenue goal for the year and exceeded that goal by 15%. With two new announcements for Quarter 4, our total additional revenue for 2014 is \$866,222. Thus placing us in the top three for additional revenue generation as a percentage of goal for 2014.
- b. Graduated Oklahoma Institute of Economic Development, June 2014
- c. I was named Shaping Our Appalachian Region (SOAR) Business Recruitment and Retention Committee Chairman in May.
- d. I was named Chairman of the Southeast Kentucky Chamber CEO Selection Committee in October.
- e. I received the Ashland Alliance Cornerstone Award in October for our efforts in Economic Development within the region in October.
- f. Kentucky Power received The Best Established Business Award for 2014 in November from the Hazard Perry County Chamber for our community work and efforts in economic development.
- g. I was named to the Kentucky Association of Economic Development Board of Directors in November.
- h. I assisted in the Bank Financing Project for Kentucky Power. This allowed local banks within our service territory to loan Kentucky Power money. Putting their money to work allowed many of those businesses to save and creating jobs at their respective institutions.
- i. Coordinated and assisted in the creation of the Hazard Perry County ED Group.
- j. Coordinated and assisted in the creation of the Paintsville Johnson County ED Group.
- k. Speaking engagements to educate groups and organizations about our ED efforts:
 1. Kentucky League of Cities Conference, Louisville
 2. Kentucky Association of Counties Conference, Louisville
 3. Kentucky Association of Economic Development Annual Conference, Louisville
 4. Shaping Our Appalachian Region Summit, Pikeville
 5. Ashland Rotary Club
 6. Pikeville Rotary Club
 7. Louisa Rotary Club
 8. Patton Leadership Institute
 9. Southeast Kentucky Leadership Institute
 10. Eastern KY Concentrated Employed Workforce Investment Board
 11. Every Chamber of Commerce in eastern Kentucky
 12. Every Industrial Authority in eastern Kentucky
 13. Pikeville City Commission
- l. Coordinated Kentucky Power's investment in an EPRI study to assist in a business retention project for Kellogg's. \$32,000.
- m. Coordinated Kentucky Power's additional annual investment in KAED for \$2,500. This paired with E&BD's \$5,000 makes KY Power a Diamond Investor for the organization, (a top Investor level with signage and recognition at all events, publications, and website).
- n. Coordinated Kentucky Power's additional annual investment in One East Kentucky of \$8,620 for 2015. This paired with E&BD's \$11,380 makes us the top investor for this very important effort.

- o. I was named to the Kentucky Power Customer Satisfaction Committee (Culture Initiative).
- p. I was named to the Kentucky Power Strategic Planning Committee (Culture Initiative).
- q. Successfully designed, implemented, and coordinated the Kentucky Power Economic Advancement Program (KEAP). This program is a seven county economic development initiative to invest \$200,000 annually in local economic development efforts.
- r. The InSite Consulting project has already resulted in the investment of three new businesses in Pike County and two more prospects that should announce in early 2015. These investments are a direct result of the InSite project, and we have received public recognition and media recognition from the Mayor and City Manager acknowledging this fact.

Kentucky Power E&BD Budget Allocation

Description	Cost
InSite Consulting – Marion’s Branch and/or Coalfields (includes travel)	53,595
KY Assoc. of Economic Development – Fall and Spring Conf. Sponsorships	5,000
KY Cabinet for ED Annual Magazine Ad	4,300
KY Power ED Summit or other Training Opportunities	5,250
Kentucky United Sponsorship	6,250
Kentucky Institute of Economic Development Scholarships (three)	1,650
SEK Chamber – One East Kentucky ED Sponsorship (Marketing)	8,725
One East Kentucky Premier Investor (leveraged with \$8,620 KY Power \$)	11,380
Ashland Alliance Regional ED Sponsorship (Marketing)	14,800
Total Budget Allocation	110,950



AEP Economic & Business Development

**Kentucky Power Company
2015 Plan of Work Discussion
Quarter 4 Update**

I. Business Attraction

Premise: To identify and facilitate the location of those firms for which we have a competitive advantage and who have identifiable, active projects for production investment

1. Strategic Goal/Objective: Collaborate with ED Allies on direct business marketing programs.

a. **Tactic:** Financially support and sponsor specific marketing events or direct marketing programs identified by state, regional or local allies that align with Kentucky Power's business and industry targets or site consultant target list.

b. **Budget: \$20,550**

i. Kentucky Association of Economic Development Spring and Fall Conference consultant luncheons (Paid **\$5,000** paid in 2014 and KY Power added **\$2,500** in 2014 to achieve Diamond Level Investor).

1. The KAED Spring Conference was held April 14-17. As a Diamond sponsor we received key sponsorship deliverables. In addition, we were the presenting sponsor of the Site Consultant Luncheon. The consultants in attendance were as follows:

- a. Betty Mcintosh, Senior Managing Director, Global Business Consulting of Atlanta, GA.
- b. Tim Feemster, Managing Principal, Foremost Quality Logistics of Dallas, TX.
- c. Paige Webster, Owner, Webster Global Site Selectors of Phoenix, AZ.
- d. We provided 11 scholarships to the event.

2. The KAED Fall Conference was held November 10-13 in Hopkinsville. We sponsored the conference and we were presenting sponsor of the Site Consultant Luncheon during the event. The consultants in attendance were as follows:

- a. Lawrence Spinelli, President of National Sales, Binswanger of Nashville, TN.
- b. Courtney Dunbar, Industrial Site Consultant, Olsson & Associates of Omaha, NE.
- c. Chris Schastok, VP Location Incentives, CBRE of Chicago, IL.

- i. Marion's Branch Packaging project: Complete consulting project to package and prepare this new industrial park for market. InSite work to be completed by 2nd Quarter. Only Travel Expenses left to Pay.
 - ii. Coalfields Industrial Park Packaging Project: Complete consulting project to package and prepare this regional industrial park for market. . InSite work to be completed by 2nd Quarter. Only Travel Expenses left to Pay.
 - c. **Metric:** Bring InSite project to resolution and at least one new project for 2015.
 - d. **Quarter 2 Update:**
 - i. InSite Consulting completed their Phase Three work on Coalfields Industrial Park and Marion's Branch Industrial Park in May. We presented the findings to both groups on June 5th and 6th. The two sites are now working to implement a plan to complete the recommended improvements.
 - e. **Quarter 3 Update:**
 - i. Marion's Branch is making progress with the completion of the new road to and throughout the site, the bridge construction beginning, and upgrades are beginning for the water/sewer.
 - ii. Coalfields Industrial Park has started to complete all of their due diligence items for the park. These include: fish and wildlife, archeological, and wetlands delineation.
 - f. **Quarter 4 Update:**
 - i. Marion Branch continues to make strides. The road construction is complete. The sewer / water project is well underway and scheduled to be complete next year in Quarter 1. The bridge is well underway and scheduled to be completed next year in Quarter 3. All due diligence items have been completed with the exception of Geotechnical work. We just launched a project to do one part of the geotechnical work, settlement monitoring. The project cost \$18,000 and should be complete by year end.
 - ii. Coalfields Industrial Park has completed and received a preliminary JD concerning wetlands delineation. Contracts for fish and wildlife and archeological have been approved by the board and should be completed next year in Quarter 1.
 - iii. We just launched another bonus project for East Park in Ashland. Ashland Alliance has entered into a contract for videography work to prepare site footage for all of the industrial sites within their region. The cost of the project is \$7,000 and is beginning in December and should finish up by the end of January with final production.
- 2. **Strategic Goal/Objective:** Collaborate with AEP-ED and state/regional/local ED Allies to identify potential sites for the site certification program in Kentucky Power area.
 - a. **Tactic:** Support efforts to complete the Site Certification project for East Park in partnership with Ashland Alliance.

- b. Budget: **\$16,275**
 - c. **Metric:** Complete the application process for East Park by the August 31st deadline.
 - d. **Quarter 2 Update:**
 - i. We are very close to completing the deliverables for the Quality Site Phase Three program for East Park. At this point, we are waiting on the final letters from the Corp of Engineers on Wetlands, Department of Fish and Wildlife, and Kentucky Historical Society on Archeological Findings. We have positive feedback on all three of these and we are promised letters by the end of this week. Our plan is to submit to MS by first week of August.
 - e. **Quarter 3 Update:**
 - i. The final submission was provided to McCallum Sweeney on time. We received feedback from them by mid-September, and we are currently making their recommended corrections. These corrections are due by the 2nd week of November. We are on track to have them submitted early and we hope to complete the certification by the end of the year.
 - f. **Quarter 4 Update:**
 - i. The corrections were submitted to McCallum Sweeney on November 19. We received a request from McCallum on December 16th asking for a few more minor corrections. We are working diligently to have this completed prior to the Christmas Holiday. We hope to know before the end of the year if we will receive the certification.
3. **Strategic Goal/Objective:** Continue to manage the five year Kentucky Power Economic Advancement Program (KEAP) focused on seven counties of our twenty county service territory as ordered in the Mitchell Asset Transfer Agreement.
- a. **Tactic:** Manage and distribute \$200,000 in grant funding for ED efforts in 2015 in the second year of this five year program. This will include: creating marketing materials, establishing a review committee, community meetings, project management, and grant award follow up meetings.
 - b. **Budget:** \$200,000 (Provided by AEP as per the ATR agreement)
 - c. **Metric:** Program established, grants awarded, and awarded projects underway or completed.
 - d. **Quarter 2 Update:**
 - i. KEAP received seven applications during this year's granting cycle. Three projects were awarded on May 7, 2015. These projects included the following:
 - 1. Louisa SEK Chamber of Commerce – 84,000 square foot building improvements. (\$90,300)
 - 2. Big Sandy ADD, Gateway ADD, and FivCo ADD – OUEDl scholarships and travel expenses, year two for this trio. (\$9,700)

3. Northeast KY Regional Industrial Authority – Compaction for a Build Ready Site in the East Park Industrial Park. (\$100,000)
 - e. **Quarter 3 Update:**
 - i. All three projects are underway. The Louisa project is close to completion, the ADD's will be attending their training in Indianapolis in late November, and the Northeast project has awarded the contract and the work is underway.
 - f. **Quarter 4 Update:**
 - i. All three KEAP projects are underway or are completed. The ADD's completed their OUEI 2nd year training during week two of December in Indianapolis. The Louisa building project is 100% complete. The Northeast KY Industrial Authority project is underway and is approximately 50% complete.
4. **Strategic Goal/Objective:** Participate in the Kentucky initiative SOAR, (Shaping Our Appalachian Region). SOAR is a bi-partisan initiative established by Governor Beshear and Congressman Hal Rogers focused on economic development initiatives for the heart of Appalachia in Kentucky.
 - a. **Tactic:** Collaborate with officials and volunteers to assist in steering the direction of this effort and how it can impact the region in job growth and expansion.
 - b. **Budget:** \$0
 - c. **Metric:** Participate in at least one committee for the SOAR program.
 - d. **Quarter 2 Update:**
 - i. In June, I was named to the newly formed SOAR Advisory Council. I also continue my role as Co-Chair of the SOAR Business Attraction and Retention Committee. On May 11th, I presented on behalf of the Business Attraction and Retention Committee at the SOAR Annual Summit.
 - e. **Quarter 3 Update:**
 - i. The next SOAR meeting is during the first week of October. As Chair of the Business Attraction Committee, we will be hosting roundtable events across the territory with CEO's and plant managers during Quarter 4.
 - f. **Quarter 4 Update:**
 - i. The Business Attraction Committee meeting has been moved to Quarter 1 of next year.
5. **Strategic Goal/Objective:** Contract with a third party consultant to conduct a workforce skills inventory for our service territory in Eastern Kentucky.
 - a. **Tactic:** Establish a contract with a professional workforce consultant to conduct and complete the study in 2015.
 - b. **Budget:** ??
 - c. **Metric:** To have executed the contract and complete the study by the end of 2015.
 - d. **Quarter 2 Update:**

- i. We are currently in discussions with several partners to do a widespread workforce study that will provide detailed data for all twenty of our service territory counties. Our partners will include: EKCEP, One East KY, and Ashland Alliance. We are considering the services of Del Boyette for the study.
- e. **Quarter 3 Update:**
 - i. We met with Boyette Strategic Partners in early September to present to our partners about our plan of work workforce assessment. All of the partners have committed to support the project and we plan to execute the program in Quarter 4.
- f. **Quarter 4 Update:**
 - i. The official public launch of the Work Assessment project occurred in the form of a press conference in Prestonsburg, KY. We received a great amount of media coverage, including newspaper, radio, and television. The project is scheduled to be complete by Quarter 2, 2016.

IV. Organizational

Premise: To build world class economic development skill sets among our staff and our key allies.

1. **Strategic Goal/Objective:** Collaborate with ED Allies on increased ED training or community development finance training as well as providing other opportunities for training for our LEDO's and REDO's.
 - a. **Tactic:** Financially support allies with payment of tuition or registration fees to attend qualified ED training programs through organizations such as IEDC, SEDC, KAED, KIED, Community Development Finance, or other programs deemed qualified by Kentucky Power.
 1. Kentucky Institute of Economic Development (KIED): Provide three scholarships to this program held during August of each year. (\$1,650 to be paid in 2015)
 2. Webinars and/or seminars for ED allies on various topics. (Paid \$5,250 in 2014)
 - b. **Budget:** \$6,900
 - c. **Metric:** Participate with up to 3 ED ally organizations and complete the Carol Johnson seminar with local ED professionals.
 - d. **Quarter 2 Update:**
 1. The Carol Johnson Seminar was held in June with over 40 attendees. We have received much praise and positive feedback from the event. We awarded three scholarships to KIED that will be held in August. The scholarships went to the following: Pike County ED Director, City of Prestonsburg ED Director, and Ashland Alliance CEO.

V. Above and Beyond Accomplishments for 2015

Premise: Key accomplishments above and beyond Plan of Work for the year.

- a. Hazard-Perry County Chamber of Commerce Award for Support in Economic Development. April 29th.

- b. Founder and Board member of the newly formed Perry County Economic Development Alliance (PEDA). April, 2015.
- c. One East Kentucky Announcement. Served as Chair of the CEO Hiring Committee, Secretary / Treasurer of the Board, and General Chair of the Fund Raising Committee.
- d. Presented to Governor Beshear on AEP Kentucky Power's ED efforts in Hazard on May 5th as part of his Governor's Cup tour.
- e. Appointed to the Pike County Airport Board and elected Secretary / Treasurer. February, 2015.
- f. Reappointed to the EKCEP Workforce Investment Board on July 1st.
- g. Member of the BSCTC UPike Telecommunications / Utilities Training School Advisory Council, building a new \$10 million facility.
- h. Elected as Vice Chairman of the Southeast Kentucky Chamber of Commerce Board of Directors. This puts me in line to be Chairman on July 1, 2017.
- i. KAED Best Practices Presenter in Bowling Green, July 30th.
- j. Appeared on "Issues and Answers" to discuss our Economic Development Initiatives on August 3rd. This is the local CBS affiliate, WYMT.
- k. Moderator for the Kentucky Institute for Economic Development, August 18th.
- l. Big Sandy Community and Technical College Strategic Planning Business Representative, September 11th.
- m. Presenter and Co-Host of the Ashland Alliance Economic Summit, September 17th.
- n. Re-Elected to the Eastern Kentucky Concentrated Employment Program Workforce Investment Board in September.
- o. Recipient of the 2015 KAED Service Award.
- p. Marion Branch Geotechnical Bonus Project, December.
- q. East Park Video Production Bonus Project, December.
- r. Presenter for Patton Leadership Institute for Economic Development Day at Kellogg's in Pikeville, December 3rd.
- s. Achieved over \$1.9 million in private industry investment for One East Kentucky in just 5 months.

Kentucky Power E&BD Budget Allocation

Description	Cost
InSite Consulting – Marion’s Branch and/or Coalfields (travel exp. only)	3,000
KY Assoc. of Economic Development -- Fall and Spring Conf. Sponsorships	5,000
KY Cabinet for ED Annual Magazine Ad	4,300
KY Power ED Summit or other Training Opportunities	5,250
Kentucky United Sponsorship	6,250
Kentucky Institute of Economic Development Scholarships (three)	1,650
Property Marketing Efforts	5,000
ED Organization Support and Resources	29,550
Workforce Inventory Study	??
Total Budget Allocation	60,000



AEP Economic & Business Development

**Kentucky Power Company
2016 Plan of Work
Year End Report**

I. Business Attraction

Premise: To identify and facilitate the location of those firms for which we have a competitive advantage and who have identifiable, active projects for production investment

1. Strategic Goal/Objective: Collaborate with ED Allies on direct business marketing programs.

a. **Tactic:** Financially support and sponsor specific marketing events or direct marketing programs identified by state, regional or local allies that align with Kentucky Power's business and industry targets or site consultant target list.

b. **Budget: \$25,550**

i. Kentucky Association of Economic Development Spring and Fall Conference consultant luncheons (Paid **\$4,500** paid in 2015 and KY Power added \$3,000 in 2015 to achieve sponsor for Spring Conference).

1. The KAED Spring Conference was held on April 13-15. As a Diamond sponsor, we received key sponsorship deliverables. In addition, we were the presenting sponsor of the Site Consultant Luncheon. The consultants in attendance were as follows:

- a. Tonya Crist and Rob Cornwell, InSite Consulting, Inc.
- b. Del Boyette, Boyette Strategic Partners
- c. Robert Ingram, Common Sense Economic Development
- d. Tucson Roberts, Tucson Atlantic Consulting
- e. Grant Cooper, Ernst & Young
- f. We provided 9 scholarships to the event.
- g. Paid **\$2,500** in 2015 for this sponsorship.

2. The KAED Fall Conference was held on November 9-11. We were the presenting sponsor of the Site Consultant Forum. The consultants in attendance were as follows:

- a. Dan Domenicucci, Ernst & Young
- b. Margaret Grissom, Peake Consulting
- c. Mark Klender, Deloitte Consulting
- d. We provided 2 scholarships to the event (**\$500**)
- e. Paid **\$2,500** in 2015 for this sponsorship.

ii. Kentucky United, a public / private partnership between private industry and the State ED Cabinet. A President's level sponsorship. (Paid **\$6,250** in 2015)

- c. **Metric:** Attend at least one "Marketing" or "Meet the Consultant" event with Kentucky United.
- d. **Update:**
 - i. I have sponsored a trip to Atlanta for our two regional EDO's. Ashland Alliance, One East KY, and I will be attending the SEDC Meet the Consultants event, March 29-31. **(Cost \$2,500)**
 - ii. SEDC / Direct Marketing Event – We sponsored and I participated in a trip to Kansas City with One East Kentucky and Ashland Alliance. The group participated in the SEDC Annual Conference and we also had three direct prospect meetings in Indiana on the return trip home. **(Paid \$4,000)**

II. Business Retention/Expansion

Premise: To continue to serve our existing customers by supporting their investment in our territory. To identify business development opportunities to expand their operations and/or increase their prudent use of our product.

1. **Strategic Goal/Objective:** Collaborate with Kentucky Power Leadership to design and implement the new Kentucky Power Economic Growth Grant (K-PEGG) to meet the obligations of this new program as allowed by the Kentucky PSC.
 - a. **Tactic:** Design, develop, and market this program to our LEDO's and REDO's to utilize the monies generated by the K-PEGG program. The program should generate approximately \$600,000 annually.
 - b. **Budget:** \$600,000 (approximately) as funded by the Kentucky Economic Development Surcharge.
 - i. I designed and implemented the program in February. The program has been extremely successful with 17 funding requests. We funded 12 of these requests. I have attached a spreadsheet summarizing the funding requests. We invested \$652,500 with this funding during 2016.
 - c. **Metric:** Achieve applicants for the program and award projects up to the maximum in project generated funds annually. **Metric achieved.**
2. SPEAR Program: Contacting key customers, corporate headquarter visits. This is a place holder until I receive more information about the program.
 - a. I participated as a committee member for this program during the year.

III. Community Assistance (BRE, Site Certification, Research & Analysis, Strategic Planning)

Premise: To support the preparedness and product development activities of our communities. The most desirable activities are those which are most closely aligned with helping us be successful in building load.

1. **Strategic Goal/Objective:** Collaborate with AEP-ED and state/regional or local ED Allies on business and industrial park feasibility studies as well as provide assistance and direction in further developing existing business and industrial parks.
 - a. **Tactic:** Financially support engineering and environmental studies needed to qualify business/industrial park sites for development or further study of industrial sites already identified.
 - b. **Budget: \$0**
 - i. Certified Site Marketing – East Park: Work in cooperation with Ashland Alliance, East Park, and AEP E&BD to develop and implement a robust marketing plan for this site.
 - c. **Metric:** Develop and implement a marketing program for East Park.
 - d. **Quarter 1 Update:**
 - i. Ashland Alliance has entered into a contract for videography with Emerging Media Solutions to prepare site footage for all of the industrial sites within their region. Filming was completed in the 2nd week of January and we are now awaiting final production. We hope to have these in Quarter 2. The cost of the project is \$7,000 and was paid in December.

2. **Strategic Goal/Objective:** Collaborate with AEP-ED and state/regional/local ED Allies to identify potential sites for the site certification program in Kentucky Power area.
 - a. **Tactic:** Support efforts to complete a Site Certification project for Marion's Branch Industrial Park in partnership with One East Kentucky and the City of Pikeville.
 - b. **Budget: \$0**
 - i. Site Certification for Kentucky Enterprise Park (Marion's Branch) in Pikeville. The project is underway now.
 - ii. Site Certification for Coalfields Industrial Park in Hazard. The project is underway now.
 - c. **Metric:** Complete the application process for Marion's Branch by the date established by Burgess & Nipple. We have completed the process and added a second project with Coalfields. We are meeting both timelines as set by Burgess & Nipple at this time.

3. **Strategic Goal/Objective:** Continue to manage the five year Kentucky Power Economic Advancement Program (KEAP) focused on seven counties of our twenty county service territory as ordered in the Mitchell Asset Transfer Agreement.
 - a. **Tactic:** Manage and distribute \$200,000 in grant funding for ED efforts in 2016 in the Third year of this five year program. This will include: creating marketing materials, establishing a review committee, community meetings, project management, and grant award follow up meetings.
 - b. **Budget:** \$200,000 (Provided by AEP as per the ATR agreement)

- c. **Metric:** Program established, grants awarded, and awarded projects underway or completed.
 - d. **Update:**
 - i. The third cycle of KEAP was launched at a public meeting in Louisa on February 1st with 19 community representatives in attendance. The grant application period will be open until March 2nd. Grant should be awarded by April 30th.
 - ii. We received 5 KEAP grant requests and we funded all 5 of those requests. I have attached a summary of those grant awards.
4. **Strategic Goal/Objective:** Participate in the Kentucky initiative SOAR, (Shaping Our Appalachian Region). SOAR is a bi-partisan initiative established by Governor Beshear and Congressman Hal Rogers focused on economic development initiatives for the heart of Appalachia in Kentucky.
- a. **Tactic:** Collaborate with officials and volunteers to assist in steering the direction of this effort and how it can impact the region in job growth and expansion.
 - b. **Budget:** \$0
 - i. I serve on the SOAR Advisory Committee representing the Business Attraction and Retention efforts for SOAR.
 - c. **Metric:** Participate in at least one committee for the SOAR program. **Metric Achieved.**
5. **Strategic Goal/Objective:** Complete workforce assessment study in partnership with Boyette Strategic Partners and provide reports before year's end.
- a. **Tactic:** Complete the 27 county workforce assessment study including 9 public forums across the territory and completing final product by Quarter 3.
 - b. **Budget:** \$25,000 paid in 2015 (Total project \$200,000)
 - c. **Metric:** To have completed the study by the end of 2016.
 - d. **Update:**
 - i. The official public launch of the Work Assessment project occurred in late Fall of 2015. The study is now underway with 9 public forums taking place in the first two weeks of February. A public survey is taking place and currently has over 500 responses.
 - ii. Completed the 27 county workforce assessment study that was started at the end of 2015. Organized a partnership with several organizations to fund the \$200,000 workforce assessment study that included all of our 20 counties in our service territory. The partnership includes, EKCEP Workforce Investment Board, One East Kentucky, Ashland Alliance, SOAR, Kentucky Community & Technical College, Morehead State University, Eastern Kentucky University, and Kentucky Power Company. The project launched on December 3rd and was completed in July of this year.

IV. Organizational

Premise: To build world class economic development skill sets among our staff and our key allies.

1. **Strategic Goal/Objective:** Collaborate with ED Allies on increased ED training or community development finance training as well as providing other opportunities for training for our LEDO's and REDO's.
 - a. **Tactic:** Financially support allies with payment of tuition or registration fees to attend qualified ED training programs through organizations such as IEDC, SEDC, KAED, KIED, Community Development Finance, or other programs deemed qualified by Kentucky Power.
 1. Kentucky Institute of Economic Development (KIED): Provide three scholarships to this program held during August of each year. (**\$1,650** paid in 2015)
 1. Provide scholarship opportunities to KAED conferences.
 - a. **Provided 3 scholarships: Trish Adams, EKCEP; Amanda Clark, Ashland Alliance, and Jacob Colley, Southeast KY Chamber.**
 2. **Oklahoma University Economic Development Institute Scholarships**
 1. **Provided scholarship and travel for 2 LEDO's at the Jacksonville, FL event this year. Tonita Goodwin, Hazard-Perry Co ED and Amanda Clark, Ashland Alliance (Cost \$7,180)**
 2. **We also provided 3 scholarships through our KEAP program that graduated three Area Development District ED representatives at the Jackson, FL event.**
 2. **Budget: \$1,650**
 3. **Metric:** Participate with up to 3 ED allies. **Metric Achieved.**

V. Above and Beyond Accomplishments for 2016

Premise: Key accomplishments above and beyond Plan of Work for the year.

- Presenting Sponsor of the KAED Spring Conference in Pikeville, KY.
- Served as Host and Moderator of the three- day KAED Spring Conference in Pikeville, KY.
- Completed the creation of the Hazard-Perry County Economic Development Alliance: raised over \$450,000, hired a professional ED executive to run the organization, established the board and by-laws, and I serve on the board of directors.
- Serve on the Pike County Airport Board and elected Secretary / Treasurer. February, 2015
- Reappointed to the EKCEP Workforce Investment Board.
- Member of the BSCTC UPike Telecommunications / Utilities Training School Advisory Council, building a new \$10 million facility.
- Serve as Chairman-Elect of the Southeast Kentucky Chamber of Commerce Board of Directors. This puts me in line to be Chairman on July 1, 2017.
- Moderator for the Kentucky Institute for Economic Development in Lexington during August.
- Big Sandy Community and Technical College Strategic Planning Business Representative, September.
- Presenter for Patton Leadership Institute for Economic Development Day in Pikeville, December.

- Served as a delegate on the KAED Washington DC Fly-In, visiting the Mexican, Canadian, and Australian Embassies.
- Attended the Select USA event in Washington, DC with Ashland Alliance and KAED.
- Served on a team that led to the creation of eKAMI (East Kentucky Advanced Manufacturing Institute). This is a CNC (Computer Numeric Control) School opening in Paintsville, KY.
- Board Member for KAED (Kentucky Association of Economic Development)
- Member of the KYOVA Interstate Planning Commission Citizen's Advisory Committee
- Speaker for Leadership Kentucky during their Pikeville visit. Spoke on Kentucky Power's accomplishments and efforts for ED in eastern KY, August.
- Speaker at the Ashland Rotary about Kentucky Power's accomplishments for ED in eastern KY, September.
- Speaker for the Commerce Lexington Eastern Kentucky Fam-Tour. I spoke on Kentucky Power's accomplishments and efforts in eastern KY, October.
- Received the Benefactor of the Year Award from Big Sandy Community & Technical College, October.
- Achieved AIReady Certification for the 9 counties of the One East Kentucky Region. This is a special certification for Aerospace projects to assist us in attracting that industry to the region.
- Achieved AIReady Certification for the Ashland Alliance Region. The announcement will be made on October 25th.
- Announced 9 new projects totaling 357 (plus last three projects) and approximately 7000 KW of demand (plus last three projects)
- Tri-State Aerospace Initiative – Working with Ohio Power, Appalachian Power, Portsmouth OH, Huntington WV, Ashland Alliance, and One East Kentucky to establish a Tri-State initiative to attract the aerospace and aviation industry.
- Serve on an elite team to create a Federal Tax Incentive for industry that would locate within the coalfields of Central Appalachia. This team is led by Former KY Governor, Paul Patton. I serve on the team along with other leaders in eastern Kentucky. We have designed and created a proposal for Federal Tax Credits in counties within the coal fields that have been severely impacted by the decline of the coal industry. We have presented to the following officials and staff members: Congressman Hal Rogers, Governor Matt Bevin, Majority Leader and Senator Mitch McConnell, and Senator Rand Paul.
- Established the creation of the Big Sandy Plant Industrial Site. Work is being done and thanks to the efforts of Mark James and Greg Pauley, we have clearance to establish this site and move forward with making improvements so that the site will be marketable.

Kentucky Power E&BD Budget Allocation

Description	Cost
KAED Corporate Sponsorship – Diamond Level	10,000
KY Assoc. of Economic Development -- Fall and Spring Conf. Sponsorships	2,000
KY Cabinet for ED Annual Magazine Ad	4,300
SEDC Meet the Consultants Event with Ashland Alliance and One East KY	2,500
Kentucky United Sponsorship -- Chairman's Level	8,333
Kentucky Institute of Economic Development Scholarships (three)	1,935

SEDC Annual Conference and Direct Marketing Event w/ Ashland Alliance	4,000
OUEI Scholarship and Travel for Two LEDO's	7,180
KAED Fall Conference Scholarships (2)	500
Speculation Hangar Design for One East KY	13,250
Total Budget Allocation	53,998

**AEP Economic & Business Development
Kentucky Power Company
2017 Plan of Work
Completed**

I. Business Attraction

Premise: To identify and facilitate the location of those firms for which we have a competitive advantage and who have identifiable, active projects for production investment

1. Strategic Goal/Objective: Collaborate with ED Allies on direct business marketing programs.

a. **Tactic:** Financially support and sponsor specific marketing events or direct marketing programs identified by state, regional or local allies that align with Kentucky Power's business and industry targets or site consultant target list.

b. **Budget: \$27,834**

i. Kentucky Association of Economic Development Spring and Fall Conference consultant luncheons (**Paid \$2,000 in 2016**).

1. The KAED Spring Conference was held on April 19-21. As a Diamond sponsor, we received key sponsorship deliverables. In addition, we were the presenting sponsor of the Site Consultant Forum. As the sponsor we moderated the forum, and the consultants in attendance were as follows:

- a. John Austin, Senior Manager, Ernst & Young
- b. Marty Hohenberger, Site Selection, Webster Global
- c. Jeff Pappas, Managing Director, E Smith Realty Partners

2. The KAED Fall Conference was held on November 8-10. As a Diamond sponsor, we received key sponsorship deliverables. We are also the presenting sponsor of the Site Consultant Forum. As the sponsor we moderated the forum, and the consultants in attendance were as follows:

- a. Seth Balkanyi, Manager Real Estate & Location Strategy, Deloitte Consulting
- b. Scott Kupperman, Kupperman Location Services
- c. Tony Schum, VP Business Incentives Advisor, Duff & Phelps

ii. Kentucky United, a public / private partnership between private industry and the State ED Cabinet. We teamed up with Ashland Alliance and One East Kentucky to invest at the top level of this organization. We invested 1/3 of the \$25,000 (**Paid \$8,334 in 2016**).

1. Our investment provides us with a seat on the steering committee for Kentucky United. We will participate in at least one marketing event with the organization, but One East and Ashland Alliance will participate in every event thanks to our partnership.

iii. Kentucky Association of Economic Development (KAED) Corporate Diamond Level sponsorship. This sponsorship provides us with a high level of marketing for all events, multiple registrations to three signature

- events that will be used for local EDO's, prominent website banner, and other benefits **(Paid \$10,000 in 2016)**.
- iv. Kentucky Cabinet for Economic Development state economic development magazine. Purchase an ad in this award winning magazine. **(Paid in Dec. 2017 \$4,300)**. The magazine will be published in March of 2018.
 - v. KAED 50th Anniversary magazine. This is a special publication for the organization. We have reserved key space in the magazine alongside our partners Ashland Alliance and One East Kentucky **(\$3,200)**.
- c. **Metric:** Participate in 2 to 4 programs or events annually that attract or reach corporate decision makers or qualified site consultants.
2. **Strategic Goal/Objective:** Develop and/or participate in impactful ED programing or projects in collaboration with ED Allies.
- a. **Tactic:** Develop and/or participate in programs or projects to assist ED Allies in efforts to achieve business attraction and professional practices for ED efforts.
 - i. Develop and/or participate in an ED impactful project with key ED partners in Eastern Kentucky.
 - b. **Budget: \$31,500**
 - i. Tri-State Aerospace effort with Ohio Power, Appalachian Power, and Kentucky Power.
 - ii. Appalachian Sky Project (Executive Order)
 - iii. InSite Consulting "Economic Success Program" in Partnership with Ashland Alliance and One East Kentucky
 - 1. Breathitt, Carter, Greenup, Leslie, and Rowan Counties
 - c. **Metric:** To have created or participated in at least 1 impactful ED project in the service territory.
3. **Strategic Goal/Objective:** Participate in prospecting trips hosted by State, Regional, or Local ED Allies.
- a. **Tactic:** Attend at least one "Marketing" or Meet the Consultants" trip with the Kentucky United Program.
 - b. **Budget:** To be paid out of the KY Power Operational Budget.
 - c. **Metric:** Attend at least one "Marketing" or "Meet the Consultant" event with Kentucky United.
 - d. **Update:**
 - i. Attended a direct meeting with One East Kentucky and Boeing, Inc. on April 6th.
 - ii. Attended the Paris Air Show as part of the Aerospace Alliance of East Kentucky. The team included: Kentucky Governor, Economic Development Cabinet Secretary, CEO of Braidy Industries, Ashland Alliance, and One East Kentucky. We had 23 C-Level meetings during the show.
4. **Strategic Goal/Objective:** Utilize available funding as a closing fund to directly locate industry to the region.
- a. **Tactic:** Work to partner with local governments, LEDO's and REDO's to close business attraction projects utilizing all funding at our disposal for E&BD.
 - b. **Budget:** \$261,534 (K-PEGG funding)

- i. We have utilized K-PEGG funding on three occasions this year as a local incentive and/or closing fund for announced projects:
 1. \$50,000 Braidy Industries
 2. \$23,334 Wrightway Mix
 3. \$88,200 Thoroughbred Aviation
 4. \$100,000 EnerBlu
- c. **Metric:** Utilize available funding for at least one closing fund opportunity.

II. Business Retention/Expansion

Premise: To continue to serve our existing customers by supporting their investment in our territory. To identify business development opportunities to expand their operations and/or increase their prudent use of our product.

1. **Strategic Goal/Objective:** Successfully complete year 2 of the Kentucky Power Economic Growth Grant (K-PEGG) and work with KY Power's regulatory team to make the ask for additional K-PEGG dollars in the 2017 base rate case.
 - a. **Tactic:** Design, develop, and market this program to our LEDO's and REDO's to utilize the monies generated by the K-PEGG program. The program will generate approximately \$600,000 annually.
 - b. **Budget:** \$600,000 (approximately) as funded by the Kentucky Economic Development Surcharge.
 - i. The program continues to be extremely successful with 15 funding requests. We have funded 12 of those requests. **We invested \$452,870 with this funding through Dec. 7.**
 - c. **Metric:** Achieve applicants for the program and award projects up to the maximum in project generated funds annually.
2. **Strategic Goal/Objective:** Establish a program to assist existing businesses in becoming ISO 9000 certified in order to support the aerospace initiatives of the region.
 - a. **Tactic:** Establish a relationship with organizations to assist in certifying at least two businesses in becoming ISO 9000 certified.
 - b. **Budget: \$80,000** (paid by the K-PEGG and KEAP programs)
 - i. Awarded a K-PEGG grant of \$60,000 to SKED (Southeast KY Economic Development) to assist 3 existing businesses within our service territory in completing the certification. The grant was awarded in May.
 - ii. Awarded a KEAP grant of \$20,000 to American Metal Works of Paintsville to allow them to complete the ISO 9000 certification process.
 - c. **Metric:** Have at least two existing businesses be in the process or have completed their ISO 9000 certification.

III. Community Assistance (BRE, Site Certification, Research & Analysis, Strategic Planning)

Premise: To support the preparedness and product development activities of our communities. The most desirable activities are those which are most closely aligned with helping us be successful in building load.

1. **Strategic Goal/Objective:** Collaborate with AEP-ED and state/regional or local ED Allies on business and industrial park feasibility studies as well as provide assistance and direction in further developing existing business and industrial parks.

- a. **Tactic:** Financially support engineering and environmental studies needed to qualify business/industrial park sites for development or further study of industrial sites already identified.
 - b. **Budget: K-PEGG Funding (\$90,836)**
 - i. South Shore (Braidy Industries) – Assist Ashland Alliance on completing due diligence items for the project site. Invested **\$50,000** of K-PEGG dollars to complete this work. The work is currently in progress.
 - ii. Coalfields Industrial Site – Assist the site in cleaning up the site, making improvements to signage and adding landscaping. Invested **\$15,000** of K-PEGG dollars to complete this work. The work is currently in progress.
 - iii. Gateway Business Park – Assist the park in funding for drone video filming and production of the site. Invested **\$6,000** of K-PEGG dollars to complete this work. The work is currently in progress.
 - iv. Big Sandy Industrial Site – Assisted Lawrence County Fiscal Court by funding an engineering/feasibility study for public sewer expansion to adjacent property to the Big Sandy Power Plant. Invested **\$19,836** of K-PEGG dollars to complete this work.
 - v. InSite Consulting “Economic Success Program” in Partnership with Ashland Alliance and One East Kentucky
 - 1. Breathitt, Carter, Greenup, Leslie, and Rowan Counties
 - c. **Metric:** Assist at least one community with work related to site improvement.
2. **Strategic Goal/Objective:** Continue to manage the five year Kentucky Power Economic Advancement Program (KEAP) focused on seven counties of our twenty county service territory as ordered in the Mitchell Asset Transfer Agreement.
- a. **Tactic:** Manage and distribute \$255,000 in grant funding for ED efforts in 2017 in the Fourth year of this five year program.
 - b. **Budget:** \$255,000 (Provided by AEP as per the ATR agreement)
 - i. The fourth cycle of KEAP was launched at a public meeting in Louisa in January with 20 community representatives in attendance. The grant period was open until March 1st. We received 7 applications and we funded all 7 applications.
 - c. **Metric:** Complete grant application period, grants awarded, and awarded projects underway or completed.
3. **Strategic Goal/Objective:** Coordinate the transition of the Big Sandy Plant site into a future industrial site.
- a. **Tactic:** Work with multiple departments throughout AEP to establish a plan of work to make the site available for future industry.
 - b. **Budget:** KPEGG and AEP EB&D funds
 - i. We have had multiple meetings in order to establish the plan of work. We are currently coordinating with plant management, regulatory, economic and business development, and construction and management.
 - ii. Engaged Burgess and Niple for site qualification analysis and received deliverable in Dec. 2017.
 - iii. Assisted Lawrence County Fiscal Court by funding an engineering/feasibility study for public sewer expansion to adjacent property to the Big Sandy Power Plant. Invested **\$19,836** of K-PEGG dollars to complete this work.

- iv. Actively engaged with construction and plant staff to ensure site prep stays on schedule and complete to ready site for industry, e.g. maintain rail loop and proper removal of existing foundations.
- c. Metric: Plan of work established and an estimated time to completion set.

IV. Organizational

Premise: To build world class economic development skill sets among our staff and our key allies.

1. **Strategic Goal/Objective:** Collaborate with ED Allies on increased ED training or community development finance training as well as providing other opportunities for training for our LEDO's and REDO's.
 - a. **Tactic:** Financially support allies with payment of tuition or registration fees to attend qualified ED training programs through organizations such as IEDC, SEDC, KAED, KIED, Community Development Finance, or other programs deemed qualified by Kentucky Power.
 - b. **Budget: \$5,235**
 - i. Kentucky Institute of Economic Development (KIED): Provide three scholarships to this program held during August of each year (**\$1,935** paid in 2016).
 1. Scholarships awarded to: Jordan Gibson, Southeast KY Chamber; Shaun Sumner, KY Power Co; and Bobby Allen, Greenup Co Economic Development.
 - ii. Oklahoma University Economic Development Institute Scholarship. Provide at least one scholarship or support training for test preparation.
 1. We provided funding to pay for tuition and materials for CECD test preparation to two graduates of EDI. We invested **\$3,300** through our KEAP program.
 - c. **Metric:** Participate with up to 3 ED allies.

V. Above and Beyond Accomplishments for 2017

Premise: Key accomplishments above and beyond Plan of Work for the year.

- Achieved A ratings from Burgess and Niple site qualifications for both submitted sites in territory
- Continued to lead tristate initiative of Tri-State Aerospace Initiative with Ohio, West Virginia, and Kentucky
- Co-Creator and Presented Appalachian Sky initiative to top White House officials in DC
- Became a founder and board member of the newly established Perry County Economic Development Alliance
- Established and served as board member and Vice Chairman of One East Kentucky Regional Economic Development Organization
- Joined Ashland Alliance Board of Directors and Executive Committee
- Elected Secretary & Treasurer of the Kentucky Association of Economic Development
- Served on a number of Chamber and non-profit boards throughout the service territory
- Spoke at numerous functions highlighting the ED efforts of Kentucky Power
- Worked to continue moving industrial site project at the Big Sandy Plant forward

- Lead and attended Paris Air Show in Paris, France with Kentucky Governor and Secretary of Economic Development
- Sited two major projects that will total nearly 1500 permanent jobs and 1000-1500 more construction jobs
- Advocated for expansion of KPEGG program to over \$1M annually for strategic economic development
- Kicked off "East Kentucky ED Success Program" for 6 more counties in our footprint (InSite Phase 4). This will assist in creating a strategic plan for economic development in each county.
- Highlighted in multiple local, regional, and national media outlets for economic development work and project announcements
- Spoke at Corporate Sustainability Stakeholders meeting on E&BD efforts in Appalachia
- Presented at SOAR Executive Board Meeting in Manchester as Chair of the Business Attraction and Retention Committee
- Served as Host and Moderator for KAED consultant panels at 2 KAED conferences in 2017.
- Presented future strategy and plans for redevelopment of community leaders at Big Sandy Plant to a high-quality industrial site

Kentucky Power E&BD Budget Allocation

Description	Cost
KAED Corporate Sponsorship – Diamond Level	10,000
KY Assoc. of Economic Development -- Fall and Spring Conf. Sponsorships	2,000
KY Cabinet for ED Annual Magazine Ad (Conway)	4,300
KAED 50 th Anniversary Publication	3,200
KY Institute of Economic Development Scholarships and Sponsorship	3,000
InSite Consulting Economic Success Project (6 Counties)	31,500
GeoTech (Paid By Columbus E&BD) -- \$20,000 additional monies	---
Total Budget Allocation	54,000