

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

In the Matter of:

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

**KENTUCKY POWER COMPANY’S 2025 KENTUCKY ECONOMIC DEVELOPMENT  
SURCHARGE PROGRAM REPORT**

**Executive Summary**

Kentucky Power has a long history of collaboration and support for local, regional and state economic development. The Kentucky Economic Development Surcharge (“KEDS”) and Kentucky Power Economic Development Growth Grant (“K-PEGG”) supports and delivers significant investment in economic development programs in eastern Kentucky. Since 2016, K-PEGG has awarded \$6,473,631 across 115 grants to support site development, workforce training, marketing, economic development education and the use of professional consultants across Kentucky Power’s 20-county service territory. Additionally, since the program’s inception, K-PEGG-supported projects have contributed to the announcement of 1,739 jobs across Kentucky Power’s service territory.

In 2025, after collecting \$372,370 from non-residential customers and matching that amount with shareholder funds, Kentucky Power reviewed and approved 13 grants totaling \$662,286. Kentucky Power also closed out six grants from previous years. Notable awards include \$250,000 to the City of Pikeville to develop a Build-Ready site (groundbreaking planned), \$100,000 to Greenup County supporting Strawser Construction (40 new jobs announced), \$62,306

to Big Sandy Community & Technical College for welding training equipment, and \$54,000 to implement site-selection and pipeline tools with One East Kentucky and Northeast Kentucky Economic Development Authority.

K-PEGG is a valuable tool because it provides timely, locally informed support that helps communities compete for new investment and strengthen the fundamentals needed for long-term growth: sites and buildings, workforce readiness, marketing, and professional expertise. Through KEDS and K-PEGG, Kentucky Power remains proud to be an active partner with local, regional, and state leaders in building a more resilient and prosperous eastern Kentucky.

### **Introduction**

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

## **KENTUCKY ECONOMIC DEVELOPMENT SURCHARGE**

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

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

The required information follows.

### **Funding**

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

Kentucky Power collected \$372,370 from non-residential customers through the KEDS in 2025. The Company contributed \$372,370 in matching shareholder funds.

Since the K-PEGG program began in 2016, Kentucky Power has awarded a total of \$6,473,631 through 115 grant applications for projects to enhance economic development programs and projects that promote the creation and retention of manufacturing and/or industrial investment and jobs in the Company's 20-county service territory. A committee composed of representatives from Kentucky Power and external agencies review each application and ensure grant requests meet the guidelines of the K-PEGG program before determining awards. Grant funding is awarded for use in the following categories: Economic Development Education, Sites and Buildings-Product Improvement, Marketing and Promotion, and Professional Consulting Projects.

As described in more detail below, the Company in 2025 used \$662,286 K-PEGG program funds to award grants for economic development activities.

## **Grant Activity**

Activity for 2025 included the review of 13 grant applications requesting a total of \$662,286 in K-PEGG assistance. Kentucky Power awarded 13 grants. The K-PEGG grants issued during 2025 are described below.

### **Approved Grants**

- Application Number: 2025-01

Recipient: **City of Ashland**

Project: Training, recruitment, marketing, travel expenses

Date of Grant: 03/06/2025

Amount of Grant: \$20,415

Counties Served: Boyd

Kentucky Power transferred the remaining balances from K-PEGG 2022-10 (\$16,415) and 2023-09(\$4,000) issued to the City of Ashland to K-PEGG 2025-01. No additional K-PEGG funds were added to the award. The city of Ashland will use \$2,000 for the economic development specialist to complete the Oklahoma University Economic Development Institute. The remaining \$18,415 is to be used for economic development recruitment, marketing and travel. No funds were used in 2025, and the project will continue in 2026.

- Application Number: 2025-02

Recipient: **Morehead-Rowan County Chamber of Commerce**

Project: Marketing

Date of Grant: 03/06/2025

Amount of Grant: \$25,000

Counties Served: Rowan

Kentucky Power issued a K-PEGG to Morehead-Rowan County Chamber of Commerce (“MRCC”) for marketing community economic development efforts. In 2025, MRCC used \$4,700 toward Kentucky’s Site Selection marketing campaign. The campaign allowed MRCC to generate discussions with local members to create a new program of investment for community marketing efforts. To date, MRCC has written pledges of commitment matching the K-PEGG award. All reports are up to date, and the project will continue in 2026.

- Application Number: 2025-03

Recipient: **City of Pikeville**

Project: Site development

Date of Grant: 11/24/2025

Amount of Grant: \$250,000

Counties Served: Pike

Kentucky Power issued a K-PEGG to the City of Pikeville to provide the match for Pikeville’s \$2 million Kentucky Product Development Initiative award (“KPDI”). The project consisted of twenty acres of land grading and site readiness preparations to construct a certified Build-Ready site at Kentucky Enterprise Industrial Park in Pikeville. The project is complete and a ground-breaking ceremony is being planned. The project is ongoing, and the progress report is due March 31, 2026.

- Application Number: 2025-04

Recipient: **One East Kentucky and Northeast Kentucky Economic Development Authority**

Project: New technologies

Date of Grant: 03/06/2025

Amount of Grant: \$54,000

Counties Served: All 20 counties in Kentucky Power's service territory

Kentucky Power issued a K-PEGG to One East Kentucky ("OEK") and Northeast Kentucky Economic Development Authority ("NKEDA") to implement new technologies in support of economic development efforts throughout Kentucky Power's service territory. Both organizations implemented EDOiQ and Insitu Energy software. EDOiQ is a pipeline management tool that will keep all projects considering sites in Kentucky Power's service territory under one database. It allows partners to collaborate effectively and stay connected on updates for each economic development project. Insitu Energy software is a custom-designed tool to assist in site selection for solar and data center related development. Insitu's proprietary tool integrates parcel data, Geographic Information System ("GIS") layers of utility systems and U.S. Geological Survey ("USGS") reports on soil density to highlight properties more conducive for solar or data center related developments. The organization reports the software additions have proven extremely helpful in responding to requests for information, completing KPDI applications and preparing for recruitment trips to trade shows. All reports are up to date, and all funds have been expended.

- Application Number: 2025-05

Recipient: **City of Hazard**

Project: Economic impact studies

Date of Grant: 03/06/2025

Amount of Grant: \$7,500

Counties Served: Perry

Kentucky Power issued a K-PEGG to the City of Hazard to complete economic impact studies to review recent economic development projects. Hazard engaged the Kentucky League of Cities to complete the studies. Hazard will use the data from the studies to seek additional funding opportunities for economic development efforts. All reports are up to date, and all funds have been expended.

- Application Number: 2025-06

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

Project: Operational support

Date of Grant: 03/06/2025

Amount of Grant: \$25,000

Counties Served: Perry

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

continue working with existing businesses in the community. Active partners with HPCEDA include One East KY, the Hazard-Perry County Chamber of Commerce, and a host of local businesses that financially support its organization. All funds have been expended, and all reports are complete.

- Application Number: 2025-07

Recipient: **Greenup County Fiscal Court**

Project: Close the deal funding

Date of Grant: 03/19/2025

Amount of Grant: \$100,000

Counties Served: Greenup and surrounding counties

Kentucky Power issued a K-PEGG grant to the Greenup County Fiscal Court to close a gap in construction financing and locate Strawser Construction at the Greenup-Boyd Riverport. Greenup County constructed the building for lease to Strawser Construction. The company announced 40 new jobs and opened in November 2025. All reports are up to date, and all funds have been expended.

- Application Number: 2025-08

Recipient: **Grayson Chamber of Commerce**

Project: Economic development education

Date of Grant: 07/18/2025

Amount of Grant: \$700

Counties Served: Carter

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

- Application Number: 2025-09

Recipient: **Kentucky Association for Economic Development**

Project: Economic development education

Date of Grant: 08/01/2025

Amount of Grant: \$2,780

Counties Served: All 20 counties in Kentucky Power’s service territory

Kentucky Power issued a K-PEGG to the Kentucky Association for Economic Development (“KAED”) to support scholarships for four attendees of the Kentucky Institute for Economic Development. The four-day basic economic development course introduces attendees to the practices of a broad economic development program. All funds have been expended, and all reports are complete.

- Application Number: 2025-10

Recipient: **Northeast Kentucky Economic Development Authority**

Project: Economic development education

Date of Grant: 07/18/2025

Amount of Grant: \$15,000

Counties Served: Boyd and Greenup

Kentucky Power issued a K-PEGG to the Northeast Kentucky Economic Development Authority to support economic development education for the executive director. The grant will assist NKEDA with tuition and travel to the institute's three required sessions. In 2025, the executive director completed a session. The grant will continue into 2026.

- Application Number: 2025-11

Recipient: **One East Kentucky**

Project: Operational support

Date of Grant: 12/3/2025

Amount of Grant: \$60,000

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

Kentucky Power issued a K-PEGG to One East Kentucky for operational support. The funds will be used to further OEK's mission to work to diversify the economy of the coal fields of eastern Kentucky through recruitment of industry. The project is ongoing. The progress report is due March 31, 2026.

- Application Number: 2025-12

Recipient: **Big Sandy Community and Technical College Foundation**

Project: Workforce development

Date of Grant: 12/15/2025

Amount of Grant: \$62,306

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

Kentucky Power issued a K-PEGG to the Big Sandy Community and Technical College Foundation, for the purchase of regulated metal deposition (“RMD”) welding equipment to facilitate a training program based on the needs of local industry. In 2024, Infinity Design Group, a pipe fabrication facility opened in Langley, KY. Infinity Design Group is anticipating a rapid increase in demand for skilled welders in the RMD process and intends to increase their workforce by at least 50% to meet upcoming project demands. Big Sandy Community and Technical College recognized the shortage of welders trained in RMD in the region. To close this gap, Big Sandy Community and Technical College designed a program to prepare a pipeline of skilled workers. K-PEGG funds purchased the equipment needed to run the training program. The project is ongoing. The progress report is due March 31, 2026.

- Application Number: 2025-13

Recipient: **Kentucky Association for Economic Development**

Project: Operational support

Date of Grant: 12/19/2025

Amount of Grant: \$60,000

Counties Served: All 20 counties in Kentucky Power’s service territory

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

Kentucky, and the Kentucky Product Development Initiative (“KPDI”). K-PEGG played a critical role in the success of the program that continues to be desired by communities across the commonwealth. K-PEGG funds were allocated to cover consulting fees. The project is ongoing and will continue in 2026.

### **Carried over 2020 projects**

The below provides project activity for grants issued in 2020 that experienced continued activities in 2025. The amount shown for each is the awarded grant amount.

- Application Number: 2020-14

Recipient: **USA Drone Port**

Project: Workforce development

Date of Grant: 07/22/2020

Amount of Grant: \$55,000

Counties Served: All 20 counties in Kentucky Power’s service territory

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

is no progress before the end of the year. USA Drone Port returned the K-PEGG award to Kentucky Power in 2025, and the funds were put back into the KEDS fund.

**Carried over 2022 projects**

The below provides project activity for grants issued in 2022 that experienced continued activities in 2025. The amount shown for each is the awarded grant amount.

- **Application Number: 2022-02**

Recipient: **Johnson County Fiscal Court**

Project: Site development

Date of Grant: 03/09/2022

Amount of Grant: \$296,775

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

Kentucky Power issued a K-PEGG to Johnson County Fiscal Court to continue the development of the Hager Hill Industrial Site. As a result of K-PEGG funding, Hager Hill Industrial site was able to achieve Build Ready certification from the Kentucky Cabinet for Economic Development. In 2023, Johnson County completed the purchase of the adjacent property through a Kentucky Product Development Initiative (“KPDI”) grant. During 2025, Johnson County was awarded \$2 million in KPDI funds to construct a speculative building at the Hager Hill Industrial Site. The K-PEGG funds will be applied to Johnson County’s required match to receive the KPDI funds. This 2022 award will be transferred to K-PEGG award 2026-10. All reports are up to date and this grant is considered closed.

**Carried over 2024 projects**

- Application Number: 2024-01

Recipient: **Shaping our Appalachian Region**

Project: Workforce development

Date of Grant: 04/05/2024

Amount of Grant: \$200,000

Counties Served: All 20 counties in Kentucky Power's service territory

Kentucky Power issued a K-PEGG to Shaping our Appalachian Region ("SOAR") to expand its remote worker attraction program, EKY Remote. The K-PEGG funding provided a match to secure \$1,500,000 from the Department of Local Government for additional program funding. Since inception the EKY Remote program has supported the relocation of 65 families, bringing 193 new residents to eastern Kentucky across 28 counties from 28 states. This activity has generated an estimated annual economic impact of \$5.9 million and an annual tax contribution of \$827,000. While the EKY Remote program is still active, the K-PEGG funds have been expended and all reports are complete.

- Application Number: 2024-04

Recipient: **Northeast Kentucky Chamber of Commerce**

Project: Operation support, site visits, targeted recruitment

Date of Grant: 06/26/2024

Amount of Grant: \$49,155

Counties Served: Boyd and Greenup

Kentucky Power transferred the remaining balances from K-PEGG 2022-03 (\$9,352) and 2023-03 (\$39,803) issued to Ashland Alliance to K-PEGG 2024-04 after organizational changes renamed the organization and changed its function. No additional K-PEGG funds were added to the award. In 2024, Northeast Kentucky Chamber of Commerce used \$35,000 for operational support and \$4,429 was spent on economic development activities. In 2025, the remaining funds were spent on economic development activities that included four site visits and three targeted recruitment trips. All funds have been expended, and all reports are up to date.

- Application Number: 2024-05

Recipient: **Kentucky Association for Economic Development**

Project: Operational support

Date of Grant: 06/26/2024

Amount of Grant: \$60,000

Counties Served: All 20 counties in Kentucky Power's service territory

Kentucky Power issued a K-PEGG to the Kentucky Association for Economic Development ("KAED") to support the organization's goals of growing and building Kentucky, and the Kentucky Product Development Initiative ("KPDI"). As a contributor assisting to cover the costs for the third-party site consulting evaluations, K-PEGG played a critical role in the success of the program. All funds have been expended, and all reports are up to date.

- Application Number: 2024-06

Recipient: **Kentucky River Area Development District**

Project: Feasibility study

Date of Grant: 06/26/2024

Amount of Grant: \$50,000

Counties Served: Letcher

Kentucky Power issued a K-PEGG to the Kentucky River Area Development District (“KRADD”) to support a feasibility study for the City of Fleming-Neon to assess the practicality of a connectivity/office hub. Fleming-Neon completed the feasibility study. The plan outlined digital learning center, remote workspace and telemedicine facility. The plan included a conceptual design and estimated costs to construct the facility in the Fleming-Neon City Hall. All funds have been expended, and all reports are up to date.

- Application Number: 2024-07

Recipient: **Big Sandy Area Development District**

Project: Small business developments services

Date of Grant: 06/26/2024

Amount of Grant: \$100,000

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

Kentucky Power issued a K-PEGG to the Big Sandy Area Development District (“BSADD”) as a match to the Appalachian Regional Commission’s \$400,000 Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) grant. BSADD will use the funds for its Fueling Innovation, Revitalization and Entrepreneurship (“FIRE”)

program. FIRE will offer a comprehensive array of small business development services tailored to foster a vibrant entrepreneurial ecosystem in the Big Sandy area. During 2024, BSADD purchased subscriptions to business intelligence platforms. BSADD also has selected a business development specialist to manage the program. During 2025, BSADD maintained a presence at all chambers of commerce in Floyd, Johnson, Martin, Magoffin and Pike counties. BSADD utilized Placer.ai to partner with and assist a range of local organizations. BSADD continues to develop a more cohesive small business community that collaborates with partners to address shared challenges and work collectively to overcome regional barriers to economic growth. The project is ongoing and will continue in 2026.

Respectfully submitted,



---

Katie M. Glass  
STITES & HARBISON PLLC  
400 W Market Street  
Suite 1800  
Louisville, Kentucky 40202-3352  
Telephone: (502) 587-3400  
Fax: (502) 587-6391  
[kglass@stites.com](mailto:kglass@stites.com)

Kenneth J. Gish, Jr.  
Harlee P. Havens  
STITES & HARBISON PLLC  
250 West Main Street, Suite 2300  
Lexington, Kentucky 40507-1758  
Telephone: (859) 226-2300  
Fax: (859) 253-9144  
[kgish@stites.com](mailto:kgish@stites.com)  
[hhavens@stites.com](mailto:hhavens@stites.com)

COUNSEL FOR KENTUCKY POWER  
COMPANY