

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

In the Matter of:

Electronic Application Of Kentucky Power Company)	
For An Order Approving Accounting Practices)	
To Establish A Regulatory Asset Related To)	
The Extraordinary Expenses Incurred By)	Case No. 2021-00135
Kentucky Power Company In Connection With The)	
December 24-25, 2020 Snow Storm)	

VERIFIED APPLICATION

Kentucky Power Company (“Kentucky Power” or the “Company”) applies to the Public Service Commission of Kentucky (“Commission”) pursuant to KRS 278.030, KRS 278.040, and KRS 278.220 for an Order permitting the Company to accumulate and defer for review and recovery in its next base rate proceeding before the Commission those extraordinary and incremental net operation and maintenance costs incurred by Kentucky Power in connection with the December 24-25, 2020 “Major Event Day” snow storm in Kentucky Power’s service territory.

In support of this Application, the Company states:

Applicant

1. Kentucky Power is an electric utility organized as a corporation under the laws of the Commonwealth of Kentucky in 1919.¹ The Company’s post office address is 1645 Winchester Avenue, Ashland, Kentucky 41101. The Company’s electronic mail address is kentucky_regulatory_services@aep.com.

¹ A certified copy of the Company’s Articles of Incorporation and all amendments thereto was attached to the Joint Application in *In the Matter Of: The Joint Application Of Kentucky Power Company, American Electric Power Company, Inc. And Central And South West Corporation Regarding A Proposed Merger*, P.S.C. Case No. 99-149. The Company’s March 15, 2021 Certificate of Existence is attached as **EXHIBIT 1**.

2. Kentucky Power is engaged in the generation, purchase, transmission, distribution, and sale of electricity to Kentucky consumers. The Company serves approximately 166,000 retail customers in the following 20 counties of eastern Kentucky: Boyd, Breathitt, Carter, Clay, Elliott, Floyd, Greenup, Johnson, Knott, Lawrence, Leslie, Letcher, Lewis, Magoffin, Martin, Morgan, Owsley, Perry, Pike, and Rowan. The Company also furnishes electric service at wholesale to the City of Olive Hill and the City of Vanceburg.

3. Kentucky Power is a wholly-owned subsidiary of American Electric Power Company, Inc. (“AEP”).

Kentucky Power’s Transmission and Distribution Facilities

4. As of September 30 2020, Kentucky Power owned approximately 1,272 circuit miles of transmission lines. Kentucky Power’s transmission system is designed and constructed to meet heavy loading criteria. The transmission system comprises approximately 2,265 metal structures and 4,442 wooden structures.

5. The Company also owned approximately 10,051 miles of distribution lines as of September 30, 2020. Of these, approximately 182 miles were underground. Kentucky Power’s distribution system is designed and constructed to meet medium loading criteria. The distribution system also included approximately 172,300 overhead service drops.

6. Kentucky Power’s service territory includes some of the most rugged and difficult topography in the Commonwealth. Its distribution and lower voltage transmission facilities in particular cross mountainous and heavily-wooded terrain.

The December 24-25, 2020 “Major Event Day” Snow Storm²

7. Under IEEE Standard 1366, a Major Event is one that exceeds reasonable design or operational limits of the electric power system. IEEE Standard 1366 statistically defines a “Major Event Day” as any day in which the system’s System Average Interruption Duration Index (“SAIDI”) exceeds the threshold value of T_{med} . The T_{med} threshold value in turn is calculated at the end of each reporting period (typically a single calendar year) using data from the previous five years. It is calculated by taking the average of the natural logarithm of each daily SAIDI during the previous five year period. The standard deviation of the five-year data set is then determined and the threshold value of T_{med} is set at 2.5 standard deviations. Any day in the subsequent reporting period that exceeds T_{med} is classified as a Major Event Day. The 2020 T_{med} threshold is 4,073,245 customer minutes of interruption (“CMI”).

8. On December 24, 2020 and continuing through mid-day December 25, 2020, Kentucky Power’s service territory experienced a Major Event Day snow storm as defined by IEEE Standard 1366.

9. Beginning around 7:00 p.m. E.S.T. on Thursday, December 24, 2020 and continuing through mid-day December 25, 2020, a snow storm swept through the Company’s service territory resulting in accumulations of 4-8 inches of heavy, wet snow causing widespread power outages in the Ashland, Hazard, and Pikeville Districts. At the peak of the storm, around 4:00 a.m. E.S.T. on December 25, 2020, 9,063 Kentucky Power customers were without electric service.

² The December 24-25, 2020 Major Event Day snow storm was the fourth major event day storm to strike Kentucky Power’s service territory in 2020. The Commission authorized the Company to accumulate and defer, and to establish a regulatory asset in the amount of, \$9,465,952 by Order dated February 5, 2021 in Case No. 2020-00368, *In the Matter of: Electronic Application Of Kentucky Power Company For An Order Approving Accounting Practices To Establish A Regulatory Asset Related To Extraordinary Expenses Incurred By Kentucky Power Company In Connection With Three 2020 Major Storm Events.*

10. Due to hazardous road conditions and concern for the safety of employees, Kentucky Power Company personnel were able to respond only to emergencies through the night of December 24, 2020. After daylight on December 25, 2020, the workforce was increased and additional employees were deployed to restore customers' service as quickly as possible. The Company's restoration workforce worked through the day and night for the next three days to restore customers' service in a safe and timely manner. Initially, the weight of the snow weakened (and broke) tree limbs causing outages; as melting occurred the weakened limbs sprang back up and caused new outages. Thus, restoration efforts were hindered as new outages continued to occur while older outages were restored due to the melting of heavy snow.

11. The following table reflects a summary of the outages and the results of the Company's restoration efforts:

Date	Time	Number of customers without service
12/24/2020	7:00 p.m.	4,711
12/24/2020	11:00 p.m.	8,958
12/25/2020	4:00 a.m.	9,063
12/25/2020	9:00 a.m.	6,896
12/25/2020	7:00 p.m.	3,225
12/26/2020	12:00 p.m.	2,246
12/26/2020	11:00 p.m.	906
12/27/2020	9:00 a.m.	898
12/27/2020	6:00 p.m.	189
12/28/2020	12:55 p.m.	0

12. The Company restored service to customers in the Company's Ashland District by 4:15 p.m. on Saturday, December 26, 2020. The Company restored service to customers in the Company's Pikeville District by 7:00 p.m. on Saturday, December 26, 2020. The Company restored service to customers in the Company's Hazard District by 12:55 p.m. on Monday, December 28, 2020.

13. The snowstorm caused damage to Kentucky Power's system, knocking down trees and utility poles, damaging pole mounted transformers, and causing power outages for thousands of Kentucky Power customers. At the height of the outages, there were 200 active outage cases affecting 9,063 Kentucky Power customers. There were 12,475,755 CMI associated with the December 24-25 snowstorm.

14. There were a total of 263 outages (Ashland district 38 outages, Hazard district 168 outages, and Pikeville district 57 outages) experienced on Kentucky Power's distribution system as a result of this storm. Kentucky Power repaired and replaced six poles, two transformers/oil spills, and approximately 182 spans of conductor as a result of the snow storm.

15. There also were a total of two forced transmission line outages in the Hazard district. All outages were attributed to ice and snow that caused conductor damage to Kentucky Power transmission facilities. The first outage (Daisy – Leslie 69kv circuit) was caused by heavy ice that caused the conductor to sag into the tree tops, causing the conductor to burn in two. The second outage (Leslie – Pineville 161kv circuit) was caused by a broken ground wire that made contact with the conductor. Company personnel responded and repaired the broken conductors and stabilized the loose ground wires for both circuits.

16. A total of 125 Kentucky Power employees, 159 contract line employees, 125 contract right-of-way employees, and six contract flaggers worked to restore service during and following the December 24-25, 2020 snow storm.

17. The total distribution actual-to-date costs to restore service following the December 24-25, 2020 snow storm totaled \$1,537,340.³ The actual-to-date transmission costs totaled

³ See EXHIBIT 2A, TOTAL COST, at col. K ("A+B+C+D Total Cost to Restore"), row 95 (total restoration costs).

\$116,146.⁴ The total actual costs to restore service thus totaled \$1,653,486.⁵ The distribution O&M expenses associated with the December 24-25, 2020 snow storm restoration effort were \$1,049,705.⁶ The transmission O&M expenses totaled \$116,146.⁷ The total O&M costs to restore service thus totaled \$1,165,851.⁸ But for the December 24-25, 2020 snow storm, none of these O&M expenses would have been incurred.

18. By this Application, Kentucky Power seeks authority to accumulate and defer for consideration in its next base rate case that portion of the incremental O&M expenses that exceed the storm-related O&M expense in Kentucky Power's base rates.

The Amount to be Accumulated and Deferred

19. Kentucky Power's base rates in effect in December 2020 contained O&M major storm-related expenses totaling \$1,498,582.⁹

20. The total jurisdictional incremental O&M costs associated with the December 24-25, 2020 Major Event snow storm that would not have been incurred but for the snow storm were \$1,043,892.¹⁰

21. On December 29, 2020, Kentucky Power provided notice, consistent with the Public Service Commission of Kentucky's December 12, 2016 Order in Case No. 2016-00180¹¹

⁴ See EXHIBIT 2B, TOTAL COST, at col. J, row 95.

⁵ $1,537,340 + 116,146 = \$1,653,486$.

⁶ See EXHIBIT 2A, TOTAL COST, at col. I, row 95.

⁷ See EXHIBIT 2B, TOTAL COST, at col. J, row 95.

⁸ $\$1,049,705 + \$116,146 = \$1,165,851$.

⁹ See EXHIBIT 2, Summary tab at col. K, row 33.

¹⁰ See EXHIBIT 2, Summary tab at col. K, row 45.

¹¹ *In the Matter of Application Of Kentucky Power Company For An Order Approving Accounting Practices To Establish Regulatory Assets And Liabilities Related To Extraordinary Expenses Incurred By Kentucky Power Company In Connection With Two 2015 Major Storm Events*, Case No. 2016-00180 at 5 (Ky. P.S.C. December 12, 2016).

of the Company’s intent to establish a regulatory asset for incremental service restoration expenses incurred in connection with the December 24-25, 2020 Major Event storm in Kentucky Power’s service territory.¹²

22. On January 6, 2021, the Company updated the December 29, 2020 notice, stating that the Company presently estimated the storm restoration expense amount to be \$1.24 million.¹³ The Company further advised that it established a regulatory asset in that amount on January 6, 2021 in connection with the closing of its December 2020 books, and that it would file an application seeking appropriate accounting and other authority for the regulatory asset within 90 days following the December 24-25, 2020 storm.¹⁴

23. The O&M expenses recorded in the following FERC accounts reflect actual (lower) incremental O&M associated with these storms, totaling \$1,165,851:

Total DMS20KK11 Storm		
Account Number		Expenditure
1840040	Undist Labor Fringe Benfit Clr	\$29,052
1840041	Undist Incentive Frg Ben Clr	\$17
5710000	Maintenance of Overhead Lines	\$114,469
5880000	Miscellaneous Distribution Exp	\$12,587
5930000	Maintenance of Overhead Lines	\$1,007,616
9310005	Int on Regulated Fin Leases	\$2,109
		\$1,165,851
<p><i>Note 1 – Accounts 1840040 and 1840041 are fringe loading strictly to O&M accounts. Per FERC guidance, fringe benefit O&M costs are not to be loaded directly to O&M accounts in which labor transactions are classified.</i></p> <p><i>Note 2 – Account 9310005 is Fleet costs related to the Company’s leased vehicles.</i></p>		

¹² A copy of the Company’s December 29, 2020 Notice of Intent To Establish A Regulatory Asset For Incremental Service Restoration Expenses In Connection With The December 24-25, 2020 Major Event Day Storm (“Notice”) is attached as **EXHIBIT 3**.

¹³ A copy of the Company’s January 6, 2021 Updated Notice is attached as **EXHIBIT 4**.

¹⁴ *Id.*

DMS20KK11 KY/ME/Snow Storm 12/24/2020-12/25/2020		
Account Number		Expenditure
1840040	Undist Labor Fringe Benfit Clr	\$29,052
1840041	Undist Incentive Frg Ben Clr	\$17
5880000	Miscellaneous Distribution Exp	\$12,587
5930000	Maintenance of Overhead Lines	\$1,007,616
9310005	Int on Regulated Fin Leases	\$433
		\$1,049,705
<p><i>Note 1 – Accounts 1840040 and 1840041 are fringe loading strictly to O&M accounts. Per FERC guidance, fringe benefit O&M costs are not to be loaded directly to O&M accounts in which labor transactions are classified.</i></p> <p><i>Note 2 – Account 9310005 is Fleet costs related to the Company's leased vehicles.</i></p>		

KEPCS2003 KPCO Storm - Transmission 12/24/2020 - 12/25/2020		
Account Number		Expenditure
5710000	Maintenance of Overhead Lines	\$114,469
9310005	Int on Regulated Fin Leases	\$1,676
		\$116,146
<p><i>Note 1 – Account 9310005 is Fleet costs related to the Company's leased vehicles.</i></p>		

24. Kentucky Power files this Application consistent with its commitment in the January 6, 2021 updated notice. Subject to Commission approval in this case, Kentucky Power proposes to defer for purposes of its financial statements the total jurisdictional incremental O&M expenses associated with the December 24-25, 2020 Major Event snow storm.

25. Kentucky Power therefore seeks authorization from the Commission to accumulate and defer for review and recovery in Kentucky Power's next base rate proceeding the net actual costs (total incremental storm-related O&M expenses less the amount of storm-related O&M expenses currently in its base rates) of extraordinary O&M expenses incurred to repair damaged facilities and restore service to customers following the December 24-25, 2020 snow storm. The Company will update the amount established as a regulatory asset in Account No. 182.3 to \$1,043,892¹⁵ in its first quarter 2021 financials.

¹⁵ See **EXHIBIT 2** at col. K, row 45.

Basis for the Requested Accounting Treatment

26. Financial Accounting Standards Board Accounting Standards Codification 980-340-25-1 (“FASB ASC 980-340-25-1”) provides for the creation under prescribed circumstances of a regulatory asset. FASB ASC 980-340-25-1 states:

Rate actions of a regulator can provide reasonable assurance of the existence of an asset. ***An enterprise shall capitalize all or part of an incurred cost that would otherwise be charged to expense if both of the following criteria are met:***

- a. It is probable (as defined in Topic 450) that future revenue in an amount at least equal to the capitalized cost will result from the inclusion of that cost in the allowable costs for ratemaking purposes.
- b. Based on the available evidence, the future revenue will be provided to permit recovery of the previously incurred cost rather than to provide for expected levels of similar future costs. If the revenue will be provided through an automatic rate-adjustment clause, this criterion requires that the regulator’s intent clearly be to permit recovery of the previously incurred cost. A cost that does not meet these asset recognition criteria at the date the cost is incurred shall be recognized as a regulatory asset when it does meet those criteria at a later date.¹⁶

27. Traditionally, the Commission has exercised its discretion to approve a regulatory asset upon demonstration that the expenses to be deferred fall into one of four categories:

- (1) an extraordinary nonrecurring expenses which could not have reasonably been anticipated or included in the utility’s planning;
- (2) an expense resulting from a statutory or administrative directive;
- (3) an expense in relation to an industry sponsored initiative; or
- (4) an extraordinary nonrecurring expense that over time will result in a savings that fully offsets the costs.¹⁷

¹⁶ (Emphasis supplied).

¹⁷ *In The Matter Of: The Application of East Kentucky Power Cooperative, Inc. For An Order Approving Accounting Practices To Establish A Regulatory Asset Related To Certain Replacement Power Costs Resulting From Generation Forced Outages*, Case No. 2008-00436 at 4 (Ky. P.S.C. December 23, 2012).

28. The Commission has exercised its discretion in the past to approve a regulatory asset capitalizing major storm-related costs, to the extent such costs exceed the amount of storm-related costs contained in base rates, under the first category identified above. The Commission has approved regulatory assets for such costs that it has found to be extraordinary¹⁸ and “sufficiently significant.”¹⁹ These determinations in turn involve consideration of the collective magnitude of the storm expenses,²⁰ in relation to the amount of storm-related costs built into the utility’s base rates,²¹ and the effect a refusal to authorize a deferral would have on the utility’s current year financial results.²²

29. The incremental Major Event storm-related expenses for which the Company seeks deferral total \$1,043,892. This amount is in addition to the \$1,498,582 in O&M major storm-related expenses included in Kentucky Power’s base rates and in excess of the \$9,465,952 incremental 2020 storm-related O&M expense authorized in Case No. 2020-00368.

30. Based upon Commission precedent, Kentucky Power seeks Commission approval to create a regulatory asset in connection with its financial statements deferring the \$1,043,892 in incremental Major Storm-related expenses. This amount, combined with the \$9,465,952

¹⁸ *In The Matter Of: Application Of Kentucky Power Company For An Order Approving Accounting Practices To Establish Regulatory Assets And Liabilities Related To Extraordinary Expenses Incurred By Kentucky Power Company In Connection With Three Major Storm Events In 2009*, Case No. 2009-00352 (Ky. P.S.C. Dec. 22, 2009) (“2009 Storm Case”); *In The Matter Of: Application Of Kentucky Power Company For An Order Approving Accounting Practices To Establish A Regulatory Asset Related To Extraordinary Expenses Incurred By Kentucky Power Company In Connection With Three 2020 Major Storm Events*, Case No. 2020-00368 (Ky. P.S.C. Feb. 5, 2021) (“2020 Storm Case”).

¹⁹ *In The Matter Of: Application Of Kentucky Utilities Company For An Order Approving The Establishment Of A Regulatory Asset*, Case No. 2008-00457, Order at 5 (Ky. P.S.C. Dec. 22, 2008) (“2008 KU Storm Case”).

²⁰ *2009 Storm Case*, Order at 3 (“Kentucky Power’s damage and service restoration costs related to the cumulative effects of the 2009 Storms are clearly extraordinary in nature based on their absolute magnitude and the amount of storm damage expense built into Kentucky Power’s base rates.”).

²¹ *Id.*; *2020 Storm Case*, Order at 3 (“The cost of these storms amount to over seven times Kentucky Power’s O&M expense budgets for storm damage of approximately \$1.5 million, which are currently embedded in Kentucky Power’s base rates.”).

²² *2008 KU Storm Case*, Order at 5-6.

authorized for deferral in Case No. 2020-00368, represents more than 25% of Kentucky Power's 2020 net income,²³ and equates to approximately 1% ROE.

31. In accordance with FASB ASC 980-340-25-1 and Commission precedent, Kentucky Power requests that the Commission exercise its authority under KRS 278.220 to prescribe the manner in which the Company keeps its accounts by entering an order permitting Kentucky Power to accumulate and defer for review and recovery in its next base rate proceeding its extraordinary and nonrecurring expenses incurred by the Company in repairing damage and restoring service in connection with the December 24-25, 2020 Major Event snow storm. If the requested relief is granted, Kentucky Power will record the regulatory asset in FERC Account No. 182.3.

Exhibits

32. The following exhibits are incorporated in this application:
- a. The Company's March 15, 2021 Certificate of Existence [**EXHIBIT 1**];
 - b. Detailed description of costs associated with December 24-25, 2020 snow storm [**EXHIBIT 2**];
 - c. The Company's December 29, 2020 Notice [**EXHIBIT 3**]; and
 - d. The Company's January 6, 2021 Updated Notice [**EXHIBIT 4**].

²³ Kentucky Power's 2020 net income was \$41.017 million. *See* <https://aep.com/Assets/docs/investors/Filings/docs/2020subsidiaries/4Q20-KPCo.pdf>.

Wherefore Kentucky Power Company respectfully requests the Commission enter an Order:

1. Authorizing Kentucky Power Company in accordance with FASB ASC 980-340-25-1 and Commission precedent to accumulate and defer for review and recovery in the Company's next base rate proceeding the amount of \$1,043,892 in incremental and extraordinary O&M expenses incurred by the Company in repairing damage and restoring service in connection with the December 24-25, 2020 Major Event snow storm;
2. Authorizing Kentucky Power to record the deferred amount as a regulatory asset to be recorded in FERC Account No. 182.3; and
3. Granting Kentucky Power all additional relief to which it may be entitled.

This 24th day of March, 2021.

Respectfully submitted,



Mark R. Overstreet
Katie M. Glass
STITES & HARBISON, PLLC
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P.O. Box 634
Frankfort, Kentucky 40602-0634
Telephone: (502) 223-3477
Facsimile: (502) 779-8349
moverstreet@stites.com
kglass@stites.com

VERIFICATION

The undersigned, Brian K. West, being duly sworn, deposes and says he is Vice President, Regulatory & Finance for Kentucky Power Company that he has personal knowledge of the matters set forth in the forgoing application and the information contained therein is true and correct to the best of his information, knowledge and belief after reasonable inquiry.



Brian K. West

State of Indiana)
) ss Case No. 2021-00135
County of Allen)

Subscribed and sworn to before me, a Notary Public, in and for said County and State, Brian K. West this 24th day of March, 2021.

Regiana M.)
Sistevaris) Digitally signed by Regiana M.
) Sistevaris
) Date: 2021.03.24 07:32:19 -04'00'

Regiana M. Sistevaris, Notary Public

My Commission Expires: January 7, 2023

Exhibit 1

Commonwealth of Kentucky
Michael G. Adams, Secretary of State

Michael G. Adams
Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-3490
<http://www.sos.ky.gov>

Certificate of Existence

Authentication number: 243806
Visit <https://web.sos.ky.gov/ftshow/certvalidate.aspx> to authenticate this certificate.

I, Michael G. Adams, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

KENTUCKY POWER COMPANY

is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 271B, whose date of incorporation is July 21, 1919 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; and that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 15th day of March, 2021, in the 229th year of the Commonwealth.



Michael G. Adams

Michael G. Adams
Secretary of State
Commonwealth of Kentucky
243806/0028317

Exhibit 3

December 29, 2020

ELECTRONICALLY FILED – PSCED@KY.GOV

Mark R. Overstreet
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Linda C. Bridwell
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

RE: Kentucky Power Company's Notice of Intent To Establish A Regulatory Asset For Incremental Service Restoration Expenses In Connection With The December 24-25, 2020 Major Event Storm

Dear Ms. Bridwell:

This notice is provided to the Public Service Commission of Kentucky in conformity with the Commission's December 12, 2016 Order in Case No. 2016-00180.¹ A large winter storm struck Kentucky Power's service territory on December 24, 2020 causing outages in each of Kentucky Power's three districts beginning at approximately 7:00 p.m. on December 24, 2020 and continuing through mid-day December 25, 2020. Service restoration efforts are mostly complete. The Company has determined that its System Average Interruption Duration Index exceeded the threshold value of T_{med} , and thus the Company experienced a Major Event, as defined by IEEE Standard 1366, on December 24, 2020 as a result of the storm.

Kentucky Power proposes to establish a regulatory asset in the amount of its estimated incremental Major Event Storm restoration expenses for the December 24-25, 2020 storm in connection with the closing of the Company's December 2020 books between January 4, 2021 and January 6, 2021. The estimated Major Event Storm restoration expenses are incremental to both the amount of such expenses in the Company's base rates, as well as those expenses that are the subject of the Company's pending application in Case No. 2020-00368.²

¹ *In the Matter of: Application Of Kentucky Power Company For An Order Approving Accounting Practices To Establish Regulatory Assets And Liabilities Related To Extraordinary Expenses Incurred By Kentucky Power Company In Connection With Two 2015 Major Storm Events*, Case No. 2016-00180 at 5 (Ky. P.S.C. December 12, 2016).

² *In the Matter of: Electronic Application Of Kentucky Power Company For An Order Approving Accounting Practices To Establish A Regulatory Asset Related To Extraordinary Expenses Incurred By Kentucky Power*

Linda C. Bridwell
December 29, 2020
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Kentucky Power will update this notice with the estimated amount of its incremental Major Event Storm restoration expenses for the December 24-25, 2020 storm when the regulatory asset is established in connection with the closing of the Company's December 2020 books. The Company also will file an application seeking appropriate authority for the regulatory asset within 90 days of the December 24-25, 2020 storm.

Please do not hesitate to contact me if you have any questions.

Very truly yours,



Mark R. Overstreet

MRO

Exhibit 4

January 6, 2021

ELECTRONICALLY FILED – PSCED@KY.GOV

Mark R. Overstreet
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Linda C. Bridwell
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

RE: Kentucky Power Company's Updated Notice of Intent To Establish A Regulatory Asset For Incremental Service Restoration Expenses In Connection With The December 24-25, 2020 Major Event Day Storm

Dear Ms. Bridwell:

On December 29, 2020, Kentucky Power Company provided notice, consistent with the Public Service Commission of Kentucky's December 12, 2016 Order in Case No. 2016-00180,¹ of the Company's intent to establish a regulatory asset for incremental service restoration expenses incurred in connection with the December 24-25, 2020 Major Event storm in Kentucky Power's service territory.

Kentucky Power committed in the December 29, 2020 notice to update the notice with the estimated amount of its incremental Major Event Storm restoration expenses for the December 24-25, 2020 storm when the regulatory asset is established in connection with the closing of the Company's December 2020 books. Consistent with its commitment, the Company hereby advises the Commission that it presently estimates that amount to be \$1.24 million and that it established a regulatory asset in that amount on January 6, 2021 in connection with the closing of its December 2020 books. This \$1.24 million is incremental to the \$9.466 million in Major Storm expenses Kentucky Power is seeking authority in Case No. 2020-00368² to defer and establish a regulatory asset.

¹ *In the Matter of: Application Of Kentucky Power Company For An Order Approving Accounting Practices To Establish Regulatory Assets And Liabilities Related To Extraordinary Expenses Incurred By Kentucky Power Company In Connection With Two 2015 Major Storm Events*, Case No. 2016-00180 at 5 (Ky. P.S.C. December 12, 2016).


² *In the Matter of: Electronic Application of Kentucky Power Company For An Order Approving Accounting Practices To Establish A Regulatory Asset Related To The Extraordinary Expenses Incurred By Kentucky Power In*

Linda C. Bridwell
January 6, 2021
Page 2

The Company will file an application seeking appropriate accounting and other authority for the regulatory asset within 90 days following the December 24-25, 2020 storm.

Please do not hesitate to contact me if you have any questions.

Very truly yours,


Mark R. Overstreet

MRO