COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Electronic Application Of Kentucky Power Company For: (1) Approval Of The Rockport Offset True-Up Amount; (2) Approval To Collect The Rockport Offset True-Up Through Tariff Purchase Power Adjustment; And (3) All Other Required Approvals And Relief	))))))	Case No. 2024-00016

DIRECT TESTIMONY OF

BRIAN K. WEST

ON BEHALF OF KENTUCKY POWER COMPANY

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION.

A. My name is Brian K. West. My position is Vice President, Regulatory & Finance for Kentucky Power Company ("Kentucky Power" or the "Company"). My business address is 1645 Winchester Avenue, Ashland, Kentucky 41101.

II. BACKGROUND

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL QUALIFICATIONS.

A. I received an Associate's degree in Applied Science (Electronics Technology) and a Bachelor's degree in Business Management, both from Ohio University, in 1987 and 1988, respectively. I obtained a Master of Business Administration degree from Ohio Dominican University in 2008.

I began my utility industry career when I joined Ohio Power Company as a customer services assistant in Portsmouth, Ohio in 1989. This was a supervisor-in-training position, where I worked in each area of the office (e.g., cashiering, new service, and credit and collections) to gain knowledge and experience with every aspect of managing an area office. After completing the training program, I initially supervised meter readers in the Portsmouth office until being promoted to office supervisor in 1993. In 1997, when the area offices closed, I transferred to Chillicothe, Ohio and accepted the position of customer services field supervisor, with responsibility for managing customer field representatives who primarily worked with customers on high-bill and other inquiries.

In 2000, after American Electric Power Company ("AEP") merged with Central and South West Corporation, I moved to Columbus, Ohio, where I held various positions in Customer Operations, mostly in process improvement and supporting regulatory filings. In 2008, I transferred to AEP's Regulatory Services department, where I supported various filings before public service commissions in Arkansas, Indiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia, and West Virginia, as well as the Public Service Commission of Kentucky ("Commission").

In 2010, I was promoted to regulatory case manager, with responsibility for energy efficiency/demand response filings, integrated resource plan filings, and various renewable filings across AEP's service territory. In 2016, I moved to a case manager role with primary responsibility for most Appalachian Power Company filings before the Public Service Commission of West Virginia, the Virginia State Corporation Commission, and the Tennessee Public Utility Commission. I accepted the position of Director of Regulatory Services for Kentucky Power in February 2019. I assumed my current position as Vice President, Regulatory & Finance for Kentucky Power Company in January 2021.

Q. WHAT ARE YOUR RESPONSIBILITIES AS VICE PRESIDENT, REGULATORY & FINANCE FOR KENTUCKY POWER?

A. I am primarily responsible for managing the regulatory and financial strategy for Kentucky Power. This includes planning and executing rate filings for both federal and state regulatory agencies, as well as filings for certificates of public convenience and necessity before this Commission. I am also responsible for managing the Company's financial operating plans. Included as part of this responsibility is the preparation and coordination of various capital and operation and maintenance ("O&M") budgets to ensure that adequate resources such as debt, equity, and cash are available to build, operate, and maintain Kentucky Power's electric system assets used to provide service to the Company's retail and wholesale customers.

Q. HAVE YOU PREVIOUSLY TESTIFIED IN ANY REGULATORY PROCEEDINGS?

A. Yes. I have filed testimony in support of Kentucky Power's various regulatory filings since 2019. Most germane to my testimony in this case, I filed testimony in Case No. 2022-00283[1] supporting the implementation of the Rockport UPA Expense Deferral provisions contained in the settlement agreement approved by the Commission in Case No. 2017-00179,[2] the Company's 2017 base rate case ("2017 Settlement Agreement").

III. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The 2017 Settlement Agreement provided for the deferral of $50 million of non-fuel, non-environmental expense associated with the Rockport Unit Power Agreement ("UPA"), and other related provisions ("Rockport Deferral"). Per the terms of the 2017 Settlement Agreement, the Company would begin collecting the Rockport Deferral Regulatory Asset (defined below) after the expiration of the Rockport UPA. Thus, the Company filed its application in Case No. 2022-00283 requesting approval to amortize and begin collecting

[1] *In The Matter Of: Electronic Investigation Of Kentucky Power Company Rockport Deferral Mechanism*, Case No. 2022-00283.

[2] *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 Riders; (4) An Order Approving Accounting Practices To Establish Regulatory Assets And Liabilities; And (5) An Order Granting All Other Required Approvals And Relief*, Case No. 2017-00179.

the Rockport Deferral Regulatory Asset over five years beginning December 9, 2022, and to take other actions contemplated in the 2017 Settlement Agreement. Ultimately, the Commission approved Kentucky Power's request to implement nearly all of the Rockport Deferral-related provisions of the 2017 Settlement Agreement in that case. The Company's application in this proceeding requests to implement the final Rockport Deferral-related provisions of the 2017 Settlement Agreement, specifically to collect of the Rockport Offset True-Up (described in detail below).

I support the implementation of the Rockport Offset True-Up provisions of the 2017 Settlement Agreement and the proposed collection of the Rockport Offset True-Up from customers through Tariff Purchase Power Adjustment ("P.P.A."). More specifically, I provide background on the Rockport Deferral, including the Rockport Offset True-Up; a high-level overview of the approvals requested in this case; and the proposed amortization period for the collection of the Rockport Offset True-Up.

Q. ARE YOU SPONSORING ANY EXHIBITS?

A. Yes, I am sponsoring the following exhibit:

Exhibit BKW-1: 2017 Settlement Agreement in Case No. 2017-00179

Q. WHAT WITNESSES WILL BE OFFERING TESTIMONY IN SUPPORT OF KENTUCKY POWER'S APPLICATION, AND WHAT IS THE GENERAL SUBJECT MATTER OF THEIR TESTIMONY?

A. Kentucky Power is also filing the direct testimony of the following witnesses:

- Heather M. Whitney – Director, Regulatory Accounting Services for American Electric Power Service Corporation. Ms. Whitney supports the calculation of the Rockport Offset True-Up.

- Lerah M. Kahn – Manager, Regulatory Services for Kentucky Power. Ms. Kahn describes how the Company proposes to collect the Rockport Offset True-Up through Tariff Purchase Power Adjustment ("P.P.A.") and provides the updated Tariff P.P.A. rate.

IV. 2017 SETTLEMENT AGREEMENT

Q. PLEASE PROVIDE SOME BACKGROUND ON THE ROCKPORT DEFERRAL THAT AROSE OUT OF THE 2017 SETTLEMENT AGREEMENT.

A. Kentucky Power was a party to a FERC-approved unit power agreement under which it was entitled to 15 percent of the capacity and energy associated with Rockport Unit 1 and Rockport Unit 2 ("Rockport UPA"). The Rockport UPA expired on December 8, 2022. Prior to the expiration, the total annual Rockport UPA non-fuel, non-environmental expense in customer rates was approximately \$50.8 million. Approximately \$40.8 million of that amount was collected through base rates and the remaining approximately \$10 million was deferred for collection through Tariff P.P.A. The \$50.8 million expected annual reduction in expenses following the expiration of the Rockport UPA allowed the parties to the 2017 Settlement Agreement to: (a) defer through the creation of a regulatory asset \$50 million in Rockport UPA expenses the Company otherwise would have been entitled to collect during the period January 18, 2018 through December 8, 2022 ("Rockport Deferral Regulatory Asset"); and (b) immediately flow back to customers beginning December 9, 2022 through Tariff P.P.A., the \$40.8 million of Rockport UPA non-fuel, non-environmental expense being recovered through base rates without the necessity of a base rate case ("Rockport Fixed Cost Savings").[3]

[3] *See* Exhibit BKW-1 (2017 Settlement Agreement) at 4-8.

Under the 2017 Settlement Agreement, in return for the very significant customer benefits resulting from the Rockport Deferral, Kentucky Power was entitled to credit that portion of the Rockport Fixed Cost Savings required to permit the Company to earn, on a per-books basis, its Commission-authorized return on equity ("ROE") for 2023 only ("Rockport Offset"), and to begin to amortize the Rockport Deferral Regulatory Asset beginning December 9, 2022.[4] The Rockport Offset could not exceed the amount of the Rockport Fixed Cost Savings included in base rates (approximately $40.8 million).[5]

Below are the pertinent portions of the 2017 Settlement Agreement relating to the Rockport Offset and Rockport Offset True-Up:

> If Kentucky Power elects not to extend the Rockport UPA, it will, beginning December 9, 2022, credit the Rockport Fixed Cost Savings through the demand component of Tariff P.P.A. until new base rates are set. However, for 2023 only, the Rockport Fixed Cost Savings credit will be offset by the amount, if any, necessary for the Company to earn its Kentucky Commission-authorized return on equity (ROE) for 2023 ("Rockport Offset").[6]
>
> "Estimated Rockport Offset" shall mean the amount of additional annual revenue the Company estimates would be necessary for it to earn the Commission-authorized return on equity for 2023 considering the termination of the Rockport UPA and the Rockport Fixed Cost Savings.[7]
>
> "Actual Rockport Offset" shall mean the amount of additional annual revenue that would have been necessary for the Company to earn the Commission-authorized return on equity for 2023 considering the termination of the Rockport UPA and the Rockport Fixed Cost Savings. The Company shall calculate the Actual Rockport Offset using a comparison of the per books return on equity for 2023 to the Commission-approved return on equity. The Actual Rockport Offset cannot exceed the Rockport Fixed Costs Savings.[8]

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[4] *Id.* at 6.

[5] *Id.* at 7.

[6] *Id.* at 6.

[7] *Id.* at 6-7.

[8] *Id.* at 7.

> "Rockport Offset True-Up" shall mean the difference between the Estimated Rockport Offset and the Actual Rockport Offset.[9]

Q. PLEASE SUMMARIZE HOW THE ROCKPORT OFFSET WAS DESIGNED TO WORK.

A. The 2017 Settlement Agreement required the Company to file by November 15, 2022, updated rates for Tariff P.P.A. to reflect the Rockport Fixed Cost Savings (credit), the Estimated Rockport Offset (debit) and the Rockport Deferral Regulatory Asset (debit).[10] Because the approximate amounts of the Rockport Fixed Cost Savings and Rockport Deferral Regulatory Asset were known, and Kentucky Power's actual 2023 ROE could not be known until 2024, an estimated amount of the Rockport Offset was collected through Tariff P.P.A. over the course of 2023.[11]

The 2017 Settlement Agreement further required the Company to file by February 1, 2024, updated rates for Tariff P.P.A. to be effective March 1, 2024, reflecting the collection of the Rockport Offset True-Up.[12] Under the 2017 Settlement Agreement, Tariff P.P.A. rates were to be designed to recover or credit the Rockport Offset True-Up over the course of three months.[13]

Q. PLEASE PROVIDE A SUMMARY OF THE ORDER IN CASE NO. 2022-00283.

A. Case No. 2022-00283 concerned the implementation of all Rockport Deferral provisions contemplated in the 2017 Settlement Agreement, with the exception of the Actual Rockport Offset and the Rockport Offset True-Up.

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[9] *Id.*

[10] *Id.*

[11] *Id.*

[12] *Id.* at 8.

[13] *Id.*

In its December 8, 2022 Order in Case No. 2022-00283, the Commission approved the amortization of the total Rockport Deferral Regulatory Asset over five years using a weighted average cost of capital ("WACC"), updated for base rate cases, which was consistent with prior precedent.[14] The Commission further found that the amount of the Rockport Fixed Cost Savings included in base rates equaled $40,831,141, and that amount was to be returned to customers through Tariff P.P.A. beginning December 9, 2022.[15] The Commission also accepted the Company's estimate and found that the Estimated Rockport Offset equaled $22,785,645, which was based on the Company's per books net income for the 12 months ending June 30, 2022, and per books average common equity for the 13-month period ending June 30, 2022.[16] The Commission approved the recovery of the Estimated Rockport Offset through Tariff P.P.A. over the course of calendar year 2023.[17]

Finally, the Commission stated that:

> the true-up will be determined in 2024, when Kentucky Power's 2023 net income and adjustments are known. As part of the true-up, the Commission may choose to exclude from Kentucky Power's 2023 net income any expenses that are unreasonable, unjust, unfair, disallowed for rate recovery by statute, regulation or Commission precedent, or which are related to the sale to Liberty [Utilities]. It is also likely that during the 2024 true-up the Commission will have the benefit of the record from an expected rate case ending on or near the beginning of 2024. Additionally, the Commission finds that the recovery period for the Rockport Offset true-up will be determined based on the magnitude of the over- or under-recovery. There exists a possibility that the amount of the Rockport Offset under-recovered is greater than the amount recovered over the 12 months of 2023. It would seem patently unjust to require a greater amount to be recovered over three

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[14] Order at 15, *In The Matter Of: Electronic Investigation Of Kentucky Power Company Rockport Deferral Mechanism*, Case No. 2022-00283 (Ky. P.S.C. December 8, 2022).

[15] *Id.* at 13.

[16] *Id.* at 13-15.

[17] *Id.* at 15.

> months in 2024 as a true-up to a lesser amount recovered over a time period four times longer during 2023.[18]

Q. WHAT AMOUNT OF ROCKPORT FIXED COST SAVINGS REMAINS POSSIBLE TO BE COLLECTED THROUGH THE ROCKPORT OFFSET TRUE-UP?

A. In Case No. 2022-00283, the amount of Rockport Fixed Cost Savings included in base rates was determined to be $40,831,141. The Estimated Rockport Offset approved by the Commission in that case was $22,785,645. Because the Actual Rockport Offset cannot exceed the amount of the Rockport Fixed Cost Savings in base rates, the total remaining amount of the Rockport Fixed Cost Savings possible to be collected as part of the Rockport Offset True-Up is $18,045,496.[19]

Q. HAS THE COMPANY CALCULATED THE ACTUAL ROCKPORT OFFSET AND TRUE-UP?

A. Yes. Company Witness Whitney has calculated the Actual Rockport Offset and the Rockport Offset True-Up in conformity with the example Rockport Offset True-Up calculation included as Exhibit 2 to the 2017 Settlement Agreement. Based on Kentucky Power's preliminary, unaudited 2023 GAAP financial statements, the Rockport Offset True-Up is expected to be $18,045,496, which is the total remaining amount possible to be collected as part of the Rockport Offset True-Up. As discussed by Company Witness Whitney, Kentucky Power expects that its year-end 2023 GAAP financial statements will be finalized and issued, accompanied by the report of its independent auditors, on February 27, 2024. On the next business day, Kentucky Power will file in this docket the year-end

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[18] *Id.* at 15.

[19] ($40,831,141 - $22,785,645 = $18,045,496)

2023 GAAP financial statements and a corresponding non-confidential Rockport Offset True-Up calculation for final review by parties and the Commission. Kentucky Power does not anticipate the expected Rockport Offset True-Up to change after the year-end financial statements are finalized. Nonetheless, to the extent any update to the Rockport Offset True-Up and Tariff P.P.A. rate is required, the Company also will provide the updated rate with that filing.

Q. OVER WHAT AMORTIZATION PERIOD DOES THE COMPANY PROPOSE TO COLLECT THE ROCKPORT OFFSET TRUE-UP?

A. Based on the estimated amount of the Rockport Offset True-Up, and considering the Commission's comments in its December 8, 2022 Order in Case No. 2022-00283 at page 15, the Company proposes to collect the Rockport Offset True-Up of $18,045,496 over 12 months, beginning March 1, 2024, per the 2017 Settlement Agreement.

V. IMPLEMENTATION SUBJECT TO REFUND

Q. IS THE COMPANY REQUESTING TO BEGIN COLLECTING THE ROCKPORT OFFSET TRUE-UP AMOUNT SUBJECT TO REFUND BEGINNING MARCH 1, 2024?

A. Yes. In the event that the Commission's investigation in this case will extend beyond March 1, 2024, the Company respectfully requests that the Commission issue an order permitting Kentucky Power to begin collecting the Rockport Offset True-Up through Tariff P.P.A. as described herein for services rendered on and after March 1, 2024, subject to refund pursuant to KRS 278.190(2).

The Commission-approved 2017 Settlement Agreement provides for the collection of the Rockport Offset True-Up Amount beginning March 1, 2024. Nonetheless, the

Company understands from orders in subsequent cases that the Commission will review the amount to be collected through the Rockport Offset True-Up in this case. Although Kentucky Power respectfully avers that the Commission should not modify the amount proposed to be collected via the Rockport Offset True-Up, in that event, the Company would refund amounts collected for service rendered on and after March 1, 2024, in accordance with KRS 278.190. As evidenced recently in the Company's 2023 base rate proceeding (Case No. 2023-00159), the Company's financial situation is dire.[20] Being able to begin collection, subject to refund, of the Rockport Offset True-Up on March 1, 2024, will help improve the Company's financial situation, which was the purpose behind the inclusion of the Rockport Offset in the Commission-approved 2017 Settlement Agreement. The Company is filing a motion requesting this relief simultaneously with this Application.

VI. SUMMARY OF REQUEST IN THIS PROCEEDING

Q. PLEASE SUMMARIZE WHAT THE COMPANY IS REQUESTING IN THIS PROCEEDING?

A. The Company requests that the Commission approve, consistent with the 2017 Settlement Agreement, the recovery of the Rockport Offset True-Up in the amount of $18,045,496 over a 12-month period beginning March 1, 2024, through Tariff P.P.A. In addition, the Company requests that the Commission issue an order allowing Kentucky Power to begin collecting the Rockport Offset True-Up through Tariff P.P.A. for service rendered on and

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[20] *See e.g.* Direct Testimony of Cynthia G. Wiseman at 11-15; Direct Testimony of Adrien M. McKenzie; Direct Testimony of Steven M. Fetter; Commission's January 19, 2024 Order at 72, 77, *In The Matter Of: Electronic Application Of Kentucky Power Company For (1) A General Adjustment Of Its Rates For Electric Service; (2) Approval Of Tariffs And Riders; (3) Approval Of Accounting Practices To Establish Regulatory Assets And Liabilities; (4) A Securitization Financing Order; And (5) All Other Required Approvals And Relief,* Case No, 2023-00159.

after March 1, 2024, until the Commission issues a final order in this case, subject to refund pursuant to KRS 278.190(2).

VII. CONCLUSION

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

VERIFICATION

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

Brian K. West

Commonwealth of Kentucky	)	
	)	Case No. 2024-00016
County of Boyd	)	

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Brian K. West, on January 29, 2024

Marilyn Michelle Caldwell
Notary Public

MARILYN MICHELLE CALDWELL
Notary Public
Commonwealth of Kentucky
Commission Number KYNP71841
My Commission Expires May 5, 2027

My Commission Expires May 5, 2027

Notary ID Number KYNP71841

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 Riders; (4) An Order Approving Accounting Practices To Establish Regulatory Assets Or Liabilities; And (5) An Order Granting All Other Required Approvals And Relief	)	Case No. 2017-00179

SETTLEMENT AGREEMENT

This Settlement Agreement, made and entered into this 22nd day of November, 2017, by and among Kentucky Power Company ("Kentucky Power" or "Company"); Kentucky Industrial Utility Customers, Inc. ("KIUC"); Kentucky School Boards Association ("KSBA"); Kentucky League of Cities ("KLC"); Wal-Mart Stores East, LP and Sam's East, Inc. ("Wal-Mart"); and Kentucky Cable Telecommunications Association ("KCTA"); (collectively Kentucky Power, KIUC, KSBA, KLC, Wal-Mart, and KCTA, are "Signatory Parties").

RECITALS

1. On June 28, 2017 Kentucky Power filed an application pursuant to KRS 278.190, KRS 278.183, and the rules and regulations of the Public Service Commission of Kentucky ("Commission"), seeking an annual increase in retail electric rates and charges totaling $69,575,934, seeking approval of its 2017 Environmental Compliance Plan, an order approving accounting practices to establish regulatory assets or liabilities, and further seeking authority to implement or amend certain tariffs ("June 2017 Application").

2. On August 8, 2017, Kentucky Power supplemented its filing to reflect the impact of subsequent refinancing activities on the Company's Application ("August 2017 Refinancing Update"). The refinancing activities reduced the Company's requested annual increase in retail electric rates and charges from $69,575,934 to $60,397,438.

3. KIUC, KSBA, KLC, Wal-Mart, and KCTA filed motions for full intervention in Case No. 2017-00179. The Commission granted the intervention motions. Collectively KIUC, KSBA, KLC, Wal-Mart, and KCTA are referred to in this Settlement Agreement as the "Settling Intervenors."

4. The Attorney General of the Commonwealth of Kentucky ("Attorney General") and Kentucky Commercial Utility Customers, Inc. ("KCUC") also filed motions to intervene. The Attorney General and KCUC, who are not parties to this agreement, were granted leave to intervene.

5. Certain of the Settling Intervenors, KCUC, and the Attorney General filed written testimony in Case No. 2017-00179 raising issues regarding Kentucky Power's Rate Application.

6. Kentucky Power, KCUC, the Attorney General, and the Settling Intervenors have had a full opportunity for discovery, including the filing of written data requests and responses.

7. Kentucky Power offered the Settling Intervenors, KCUC, and the Attorney General, along with Commission Staff, the opportunity to meet and review the issues presented by Kentucky Power's application in this proceeding and for purposes of settlement.

8. The Signatory Parties execute this Settlement Agreement for purposes of submitting it to the Kentucky Public Service Commission for approval pursuant to KRS 278.190 and KRS 278.183 and for further approval by the Commission of the rate increase, rate structure, and tariffs as described herein.

9. The Signatory Parties believe that this Settlement Agreement provides for fair, just, and reasonable rates.

NOW, THEREFORE, for and in consideration of the mutual promises set forth above, and the agreements and covenants set forth herein, Kentucky Power and the Settling Intervenors hereby agree as follows:

AGREEMENT

1. Kentucky Power's Application

(a) Except as modified in this Settlement Agreement, Kentucky Power's June 2017 Application as updated by the August 2017 Refinancing Update is approved.

2. Revenue Requirement

(a) Effective for service rendered on or after January 19, 2018, Kentucky Power shall implement a base rate adjustment sufficient to generate additional annual retail revenues of $31,780,734. This annual retail revenue amount represents a $28,616,704 million reduction from the $60,397,438 sought in the Company's August 2017 Refinancing Update.

(b) The $28,616,704 million reduction was the result of the following adjustments to the Company's request in the June 2017 Rate Application as modified in the August 2017 Refinancing Update:

Adjustment	Reduction in Revenue Requirement ($Millions)
Defer a portion of Rockport UPA non-fuel, non-environmental expenses	15.0
Increase revenues to Apply Weather Normalization to Commercial Sales Net of Variable O&M	0.40
Reduce Incentive Compensation	3.15
Reduce Amortization Expense to Recalibrate Storm Damage Amortization	1.22

Reduce Depreciation Expense by Extending Service Life of BS1 to 20 years	2.84
Reduce Depreciation Expense by Removing Terminal Net Salvage for BSU1	0.37
Reduce Depreciation Expense by Removing Terminal Net Salvage for Mitchell	0.57
Increase Short Term Debt to 1% and Set Debt Rate at 1.25%	0.36
Change in Return on Equity from 10.31% to 9.75%	4.70
Total Adjustments	**28.6**

(c) Kentucky Power agrees to allocate the $31,780,734 in additional annual revenue as illustrated on **Exhibit 1.** The Company will design rates and tariffs consistent with this allocation of additional revenue.

(i) As part of the Commission's consideration of the reasonableness of this Settlement Agreement, the tariffs designed in accordance with this subparagraph shall be filed with the Commission and served on counsel for all parties to this case no later than December 1, 2017.

(ii) Within ten days of the entry of the Commission's Order approving without modification this Settlement Agreement and the rates thereunder, Kentucky Power shall file with the Commission signed copies of the tariffs in conformity with 807 KAR 5:011.

3. Rockport UPA Expense Deferral

(a) Kentucky Power is a party to a FERC-approved Unit Power Agreement with AEP Generating Company for capacity and energy produced at the Rockport Plant ("Rockport UPA"). The Rockport UPA expires on December 8, 2022.

(b) Kentucky Power will defer a total of $50 million in non-fuel, non-environmental Rockport UPA Expense for later recovery as follows:

(i) Kentucky Power will defer $15M annually of Rockport UPA Expense in 2018 and 2019 for later recovery.

(ii) Kentucky Power will defer $10M of Rockport UPA Expense in 2020 for later recovery.

(iii) Kentucky Power will defer $5M annually of Rockport UPA Expense in years 2021 and 2022 for later recovery.

(c) The Rockport UPA Expense of $50 million described in Paragraph 3(b) above will be deferred into a regulatory asset ("the Rockport Deferral Regulatory Asset") and will be subject to carrying charges based on a weighted average cost of capital ("WACC") of 9.11%[1] until the Regulatory Asset is fully recovered. From January 1, 2018 through December 8, 2022, the WACC will be applied to the monthly Rockport Deferral Regulatory Asset principal balance net of accumulated deferred income taxes ("ADIT"). From December 9, 2022 until the Rockport Deferral Regulatory Asset is fully recovered, the WACC will be applied to the monthly Rockport Deferral Regulatory Asset balance including deferred carrying charges net of ADIT. The Rockport Deferral Regulatory Asset shall be recovered on a levelized basis through the demand component of Tariff P.P.A. and amortized over five years beginning on December 9, 2022. Kentucky Power estimates that the regulatory asset balance will total approximately $59 million on December 8, 2022.

(d) Additional expenses reflecting the declining deferral amount in years 2020 through 2022 will be recovered through the demand component of Tariff P.P.A. as follows:

(i) Kentucky Power will recover $5 million through Tariff P.P.A. in 2020

(ii) Kentucky Power will recover $10 million through Tariff P.P.A. in 2021

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[1] 6.48% grossed up for applicable State and Federal taxes, uncollectible accounts expense, and the KPSC maintenance fee

(iii) Kentucky Power will recover $10 million through Tariff P.P.A. in 2022, prorated through December 8, 2022.

(e) The Signatory Parties acknowledge that the Company's decision whether to seek Commission approval to extend the Rockport UPA will be made at a later date. Whether or not the Company seeks to extend the Rockport UPA, beginning December 9, 2022, the Capacity Charge recovered through Tariff C.C., approved in Case No. 2004-00420, will end. Any final over- or under-recovery balance will be included in the subsequent calculation of the purchase power adjustment under Tariff P.P.A. In the event that Kentucky Power elects not to extend the Rockport UPA, it will experience a reduction in Rockport UPA fixed costs ("Rockport Fixed Costs Savings").

(f) If Kentucky Power elects not to extend the Rockport UPA, it will, beginning December 9, 2022, credit the Rockport Fixed Cost Savings through the demand component of Tariff P.P.A. until new base rates are set. However, for 2023 only, the Rockport Fixed Cost Savings credit will be offset by the amount, if any, necessary for the Company to earn its Kentucky Commission-authorized return on equity (ROE) for 2023 ("Rockport Offset"). An example of the calculation of the Rockport Offset is included as **EXHIBIT 2**.

(g) For the purposes of implementing the Rockport Fixed Costs Savings credit described in Paragraph 3(f) above, the following definitions apply:

(i) "Rockport Fixed Costs Savings" shall mean the annual amount of non-fuel, non-environmental Rockport UPA expense included in base rates for rates effective in November 2022.

(ii) "Estimated Rockport Offset" shall mean the amount of additional annual revenue the Company estimates would be necessary for it to earn the Commission-authorized return on equity for 2023 considering the termination of the Rockport UPA and the Rockport Fixed Cost Savings.

(iii) "Actual Rockport Offset" shall mean the amount of additional annual revenue that would have been necessary for the Company to earn the Commission-authorized return on equity for 2023 considering the termination of the Rockport UPA and the Rockport Fixed Cost Savings. The Company shall calculate the Actual Rockport Offset using a comparison of the per books return on equity for 2023 to the Commission-approved return on equity. The Actual Rockport Offset cannot exceed the Rockport Fixed Costs Savings.

(iv) "Rockport Offset True-Up" shall mean the difference between the Estimated Rockport Offset and the Actual Rockport Offset.

(h) The Company shall implement the Rockport Fixed Costs Savings credit described in Paragraph 3(f) above as follows:

(i) By November 15, 2022, the Company shall file an updated purchase power adjustment factor under Tariff P.P.A. for rates effective December 9, 2022. This filing shall reflect the impact of the Rockport Fixed Cost Savings and the Estimated Rockport Offset on the purchase power adjustment factor. This filing shall also reflect the commencement of recovery of the Rockport Deferral Regulatory Asset.

(ii) The Company shall make its normal August 15, 2023 Tariff P.P.A. filing for rates effective in October 2023. The Rockport Fixed Cost Savings and the Estimated Rockport Offset will continue to be factored into the calculation of the purchase power adjustment factor through the end of 2023. Beginning in January 2024, the Estimated Rockport Offset will not be factored into the calculation of the purchase power adjustment factor.

(iii) By February 1, 2024, the Company shall file an updated purchase power adjustment factor under Tariff P.P.A. for rates effective March 1, 2024. This filing shall only reflect the impact of the Rockport Offset True-Up on the purchase power adjustment factor. The purchase power adjustment factor shall be established to recover or credit the Rockport Offset True-Up amount in three months.

(iv) Beginning with the August 15, 2024 Tariff P.P.A. filing, the Company will incorporate the Rockport Fixed Cost Savings in its annual calculation of the purchase power adjustment factor.

4. PJM OATT LSE Expense Recovery

(a) As described in the testimony of Company Witness Vaughan, Kentucky Power has included an adjusted test year amount of net PJM OATT LSE charges and credits in base rates. Kentucky Power will track, on a monthly basis, the amount of OATT LSE charges and credits above or below the base rate level using deferral accounting. Kentucky Power will recover and collect 80% of the annual over or under collection of PJM OATT LSE charges, as compared to the annual amount included in base rates, ("Annual PJM OATT LSE Recovery") through the operation of Tariff P.P.A.

(b) Kentucky Power will credit against the Annual PJM OATT LSE Recovery 100% of the difference between the return on its incremental transmission investments calculated using the FERC-approved PJM OATT return on equity and the return on its incremental transmission investments calculated using the 9.75% return on equity provided for in this settlement (the "Transmission Return Difference"). Kentucky Power shall calculate the Transmission Return Difference as shown in **EXHIBIT 3**.

(c) These changes to Tariff P.P.A. to allow for the Annual PJM OATT LSE Recovery will terminate on the effective date when base rates are reset in the next base rate proceeding unless otherwise specifically extended by the Commission. Nothing in this Paragraph 4(c) prohibits Kentucky Power or any other Signatory Party from taking any position regarding the extension of the Annual PJM OATT LSE Recovery mechanism or any other treatment of the Company's PJM OATT LSE expenses.

5. Rate Case Stay Out

(a) Kentucky Power will not file an application for a general adjustment of base rates for rates that would be effective prior to the first day of the January 2021 billing cycle. This rate case "stay out" is expressly conditioned on Commission approval of this Settlement Agreement without modification including the recovery of the Rockport Deferral Regulatory Asset as described in Section 3 above and the incremental PJM OATT LSE expense through Tariff P.P.A. as described in Section 4 above.

(b) This stay out will not apply if a change in law occurs that will result in a material adverse effect on the Company's financial condition.

(c) Nothing in this stay out provision should be interpreted as prohibiting the Commission from altering the Company's rates upon its own investigation, or upon complaint, including to reflect changes in the tax code, including the federal corporate income tax rate, depreciation provisions, or upon a request by the Company to seek leave to address an emergency that could adversely impact Kentucky Power or its customers. In the event the Commission initiates an investigation or a complaint is filed with the Commission regarding the Company's rates, the Company retains the right to defend the reasonableness of its rates in such proceedings.

6. Tariff P.P.A.

(a) Kentucky Power's proposed changes to Tariff P.P.A., as set forth in the testimony of Company Witness Vaughan and modified by Sections 2 and 3 above, are approved.

(b) A revised version of Tariff P.P.A. incorporating the modifications described in Sections 2 and 3 above is included as **EXHIBIT 4.**

7. Depreciation Rates

(a) Kentucky Power and the Settling Intervenors agree that Big Sandy Unit 1 has an expected life of 20 years following its conversion from a coal-fired to a natural gas-fired generating unit. The depreciation rates for Big Sandy Unit 1 have been adjusted to reflect the 20 year expected life. Kentucky Power and the Signatory Parties retain the right to propose updated depreciation rates for Big Sandy Unit 1 in future proceedings to reflect updates to the expected life.

(b) Kentucky Power has adjusted depreciation rates for Big Sandy Unit 1 and for the Mitchell Plant to remove terminal net salvage costs. Kentucky Power retains the right to propose updated depreciation rates for Big Sandy Unit 1 and for the Mitchell Plant in future proceedings to include terminal net salvage costs, and the Settling Intervenors retain the right to challenge the inclusion of such costs in future proceedings.

(c) Kentucky Power's updated depreciation rates are included as **EXHIBIT 5.**

8. Return on Equity, Capitalization, WACC, and GRCF

(a) Kentucky Power shall be authorized a 9.75% return on equity. The authorized return on equity of 9.75% will be used in the calculation of the Company's Environmental Surcharge factor (for non-Rockport environmental projects) and the carrying charges for the Rockport Deferral and Decommissioning Rider regulatory assets.

(b) Kentucky Power will update its capitalization to reflect short term debt as 1% of the Company's total capital structure. The annual interest rate for the short term debt will be set at 1.25%.

(c) Kentucky Power shall utilize a weighted average cost of capital ("WACC") of 9.11% including a gross revenue conversion factor ("GRCF") of 1.6433%. The GRCF does not include a Section 199 deduction. This WACC and GRCF shall remain constant (including for the riders and surcharges described in Paragraph 8(a) above) until such time as the Commission sets base rates in the Company's next base rate case proceeding. The calculations of the WACC and GRCF are shown on **EXHIBIT 6**.

9. Storm Damage Expense Amortization

(a) Kentucky Power will recover and amortize the remaining unamortized balance of its deferred storm expense regulatory asset authorized in Case No. 2012-00445 over a period of five years beginning January 1, 2018, consistent with the recommendation of KIUC. The unamortized balance of the regulatory asset authorized in Case No. 2012-00445 will total $6,087,000 on December 31, 2017 and will be amortized over five years at an annual amount of $1,217,400.

(b) Kentucky Power will recover and amortize the deferred storm expense regulatory asset authorized in Case No. 2016-00180 over a period of 5 years beginning January 1, 2018 consistent with the testimony of Company Witness Wohnhas. The balance of the regulatory asset authorized in Case No. 2016-00180 totals $4,377,336 and will be amortized over five years at an annual amount of $875,467.

(c) The combined balance of the Kentucky Power's deferred storm expense regulatory assets (the remaining unamortized balance authorized in Case No. 2012-00445 and the amount authorized in Case No. 2016-00180) will total $10,464,336 on December 31, 2017 and will be amortized over five years at an annual amount of $2,092,867.

10. Kentucky Economic Development Surcharge

(a) Kentucky Power's new Kentucky Economic Development Surcharge Tariff ("Tariff K.E.D.S.") shall be approved with rates amended as follows:

(i) The KEDS rate for residential customers will be set at $0.10 per meter instead of $0.25 as proposed by the Company.

(ii) The KEDS rate for non-residential customers for which the KEDS applies will be set at $1.00 per meter instead of $0.25 as proposed by the Company.

(b) All KEDS funds collected by Kentucky Power shall be matched dollar-for-dollar by Kentucky Power from shareholder funds. The proceeds of KEDS and Kentucky Power's shareholder contribution shall be used by Kentucky Power for economic development projects, including the training of local economic development officials, in the Company's service territory. The KEDS, and the matching shareholder contribution, shall remain in effect until changed by order of the Commission.

(c) Kentucky Power will continue to file on or before March 31st of each year 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.

(d) Kentucky Power shall serve a copy of the annual report to be filed with the Commission in accordance with subparagraph (c) on counsel for all parties to this proceeding.

11. Backup and Maintenance Service

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

(b) If Kentucky Power and Marathon cannot reach an agreement on backup and maintenance service within 120 days, Kentucky Power and Marathon agree to submit the issue to the Commission for resolution.

12. School Energy Manager Program

(a) Kentucky Power shall seek leave from the Commission to include up to $200,000 for the School Energy Manager Program in its each of its 2018 and 2019 DSM Program offerings.

(b) Kentucky Power and KSBA both expressly acknowledge that there is in Case No. 2017-00097 a currently-pending Commission investigation of the Company's DSM programs and funding and that the outcome of that investigation could impact the School Energy Manager Program.

13. Tariff K-12 School

(a) Kentucky Power shall continue its current Pilot Tariff K-12 School but shall remove the Pilot designation as set forth in **Exhibit 7**. Tariff K-12 School shall be available for general service to all K-12 schools in the Company's service territory, public and private, with normal maximum demands greater than 100 kW. Tariff K-12 School shall reflect rates for customers taking service under the tariff designed to produce annually in the aggregate $500,000 less from Tariff K-12 School customers than would be produced under the new L.G.S. rates to be established under this Settlement Agreement from customers eligible to take service under Tariff K-12 School. The aggregate total revenues to be produced by Tariff K-12 School and Tariff L.G.S. shall be equal to the revenues that would be produced in the aggregate by the new rates in the absence of Tariff K-12 School. Service under Tariff K-12 School shall be optional.

14. Bill Format Changes

(a) The bill formatting changes proposed by the Company in Case No. 2017-00231 and consolidated into this case by Commission Order dated July 17, 2017, to the extent not already approved, are approved.

(b) Within 180 days of a Commission Order approving this Settlement, Kentucky Power will conduct a training session with representatives from its municipal clients and KLC to explain the new bill format and tools available to clients to evaluate their electric usage.

15. Renewable Power Option Rider

(a) The proposed changes to the Company's Green Pricing Option Rider, including renaming the rider to the Renewable Power Option Rider ("Rider R.P.O."), are approved except that the availability of service provision for Option B will state the following:

> "Customers who wish to directly purchase the electrical output and all associated environmental attributes from a renewable energy generator may contract bilaterally with the Company under Option B. Option B is available to customers taking metered service under the Company's I.G.S., and C.S.-I.R.P. tariffs, or multiple L.G.S. tariff accounts with common ownership under a single parent company that can aggregate multiple accounts to exceed 1000 kW of peak demand."

A revised version of Rider R.P.O. incorporating the modifications described above is included as **EXHIBIT 8**. Bills for customers receiving service under Rider R.P.O. will include a separate line item for Rider R.P.O. charges.

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

16. Modifications To Kentucky Power's Rate Tariffs

In addition to the rate and tariff changes described and agreed to above, Kentucky Power and the Settling Intervenors agree that the following tariffs shall be modified or implemented as described below:

(a) The Customer charge for the Residential Class ("Tariff R.S.") shall be increased to $14.00 per month instead of the $17.50 per month proposed by the Company in its filing in this case.

(b) The Company is extending the termination date for Tariff C.S. – Coal and the amendments to Tariff C.S. – I.R.P. and Tariff E.D.R. approved in Case No. 2017-00099 from December 31, 2017 to December 31, 2018.

(c) The pole attachment rate for all users under Tariff C.A.T.V. shall be $8.52 for all attachments instead of the $11.97 for attachments on two-user poles and $7.42 for attachments on three-user poles proposed by the Company in its filing in this case.

17. Filing Of Settlement Agreement With The Commission And Request For Approval

Following the execution of this Settlement Agreement, Kentucky Power and the Settling Intervenors shall file this Settlement Agreement with the Commission along with a joint request to the Commission for consideration and approval of this Settlement Agreement so that Kentucky Power may begin billing under the approved adjusted rates for service rendered on or before January 19, 2018.

18. Good Faith And Best Efforts To Seek Approval

(a) This Settlement Agreement is subject to approval by the Public Service Commission.

(b) Kentucky Power and the Settling Intervenors shall act in good faith and use their best efforts to recommend to the Commission that this Settlement Agreement be approved in its entirety and without modification and that the rates and charges set forth herein be implemented.

(c) Kentucky Power and the Settling Intervenors filed testimony in this case. Kentucky Power also filed testimony in support of the Settlement Agreement. For purposes of any hearing, the Settling Intervenors and Kentucky Power waive all cross-examination of the other Signatory Parties' witnesses except for purposes of supporting this Settlement Agreement unless the Commission disapproves this Settlement Agreement. Each further stipulates and recommends that the Notice of Intent, Application, testimony, pleadings, and responses to data requests filed in this proceeding be admitted into the record.

(d) The Signatory Parties further agree to support the reasonableness of this Settlement Agreement before the Commission, and to cause their counsel to do the same, including in connection with any appeal from the Commission's adoption or enforcement of this Settlement Agreement.

(e) No party to this Settlement Agreement shall challenge any Order of the Commission approving the Settlement Agreement in its entirety and without modification.

19. Failure Of Commission To Approve Settlement Agreement

If the Commission does not accept and approve this Stipulation in its entirety, then any adversely affected Party may withdraw from the Stipulation within the statutory periods provided for rehearing and appeal of the Commission's order by (1) giving notice of withdrawal to all other

Parties and (2) timely filing for rehearing or appeal. Upon the latter of (1) the expiration of the statutory periods provided for rehearing and appeal of the Commission's order and (2) the conclusion of all rehearing's and appeals, all Parties that have not withdrawn will continue to be bound by the terms of the Stipulation as modified by the Commission's order.

20. Continuing Commission Jurisdiction

This Settlement Agreement shall in no way be deemed to divest the Commission of jurisdiction under Chapter 278 of the Kentucky Revised Statutes.

21. Effect of Settlement Agreement

This Settlement Agreement shall inure to the benefit of, and be binding upon, the parties to this Settlement Agreement, their successors, and assigns.

22. Complete Agreement

This Settlement Agreement constitutes the complete agreement and understanding among the parties to this Settlement Agreement, and any and all oral statements, representations, or agreements. Any and all such oral statements, representations, or agreements made prior hereto or contained contemporaneously herewith shall be null and void and shall be deemed to have been merged into this Settlement Agreement.

23. Independent Analysis

The terms of this Settlement Agreement are based upon the independent analysis of the parties to this Settlement Agreement, are the product of compromise and negotiation, and reflect a fair, just, and reasonable resolution of the issues herein. Notwithstanding anything contained in this Settlement Agreement, Kentucky Power and the Settling Intervenors recognize and agree that the effects, if any, of any future events upon the income of Kentucky Power are unknown and this Settlement Agreement shall be implemented as written.

24. Settlement Agreement And Negotiations Are Not An Admission

(a) This Settlement Agreement shall not be deemed to constitute an admission by any party to this Settlement Agreement that any computation, formula, allegation, assertion, or contention made by any other party in these proceedings is true or valid. Nothing in this Settlement Agreement shall be used or construed for any purpose to imply, suggest or otherwise indicate that the results produced through the compromise reflected herein represent fully the objectives of the Signatory Parties.

(b) Neither the terms of this Settlement Agreement nor any statements made or matters raised during the settlement negotiations shall be admissible in any proceeding, or binding on any of the parties to this Settlement Agreement, or be construed against any of the parties to this Settlement Agreement, **except that** in the event of litigation or proceedings involving the approval, implementation or enforcement of this Agreement, the terms of this Settlement Agreement shall be admissible. This Settlement Agreement shall not have any precedential value in this or any other jurisdiction.

25. Consultation With Counsel

The parties to this Settlement Agreement warrant that they have informed, advised, and consulted with their respective counsel with regard to the contents and significance of this Settlement Agreement and are relying upon such advice in entering into this agreement.

26. Authority To Bind

Each of the signatories to this Settlement Agreement hereby warrant they are authorized to sign this agreement upon behalf of, and bind, their respective parties.

27. Construction Of Agreement

This Settlement Agreement is a product of negotiation among all parties to this Settlement Agreement, and no provision of this Settlement Agreement shall be construed in favor of or against any party hereto. This Settlement Agreement is submitted for purposes of this case only and is not to be deemed binding upon the parties hereto in any other proceeding, nor is it to be offered or relied upon in any other proceeding involving Kentucky Power or any other utility.

28. Counterparts

This Settlement Agreement may be executed in multiple counterparts.

29. Future Rate Proceedings

Nothing in this Settlement Agreement shall preclude, prevent, or prejudice any party to this Settlement Agreement from raising any argument or issue, or challenging any adjustment, in any future rate proceeding of Kentucky Power.

IN WITNESS WHEREOF, this Settlement Agreement has been agreed to as of this 22nd day of November 2017.

KENTUCKY POWER COMPANY

By: ______________________

Its: Counsel

KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.

By: Michael L. Kurtz

Its: Counsel

KENTUCKY SCHOOL BOARDS
ASSOCIATION, INC.

By: Matthew Malone

Its: Legal Counsel

KENTUCKY LEAGUE OF CITIES

By: [signature]

Its: Director of Municipal Law & Training

KENTUCKY CABLE
TELECOMMUNICATION
ASSOCIATION, INC.

By: Jason K...

Its: KCTA Board Chairman

WAL-MART STORES EAST, LP AND
SAM'S EAST, INC.

By: ______________________

Its: Counsel

CASE NO. 2017-00179
SETTLEMENT AGREEMENT
EXHIBIT LIST

1. Revenue Allocation
2. Rockport Offset Calculation
3. Transmission Return Difference Calculation
4. Revised Tariff P.P.A.
5. Depreciation Rates
6. Calculation of WACC and GRCF
7. Revised Tariff K-12 School
8. Revised R.P.O. Rider

Exhibit 1

Kentucky Power Company
Settlement Agreement Exhibit-1
Case No. 2017-00179
Settlement Revenue Allocation

Customer Class	Base Rate Case Settlement Increase						Increase Incorporating Surcharge Changes			Return on Rate Base		Settlement
	Settlement Base Rate Increase	ECP	HEAP KEDS	Total Increase	Test Year Rev	% Increase	Carrying Charge Savings in ES	Net Increase	Total Bill % Increase	Current ROR	Proposed ROR	Proposed Non-Fuel Base Revenue Increase
	a	b	c	d = a+b+c	e	= d/e	f	g = d+f	= g/e			
RS	$ 20,076,436	$1,734,600	594	21,811,630	$232,952,481	9.36%	($835,019)	$20,976,611	**9.00%**	1.90%	3.77%	14.15%
SGS	$ 984,981	$184,183	247,506	1,416,670	$21,371,729	6.63%	($88,664)	$1,328,006	**6.21%**	11.30%	12.90%	7.19%
MGS	$ 3,421,623	$500,403	69,324	3,991,350	$60,245,787	6.63%	($240,889)	$3,750,461	**6.23%**	9.14%	10.96%	9.24%
GS*	$ 4,406,604	$ 684,586	$ 316,830	$ 5,408,020	$ 81,617,516	6.63%	($329,553)	$5,078,467	**6.22%**	9.67%	11.43%	8.68%
LGS/PS	$ 3,520,149	$549,861	8,467	4,078,477	$70,567,216	5.78%	($264,698)	$3,813,779	**5.40%**	8.78%	10.46%	8.61%
IGS	$ 3,534,466	$836,950	694	4,372,110	$157,911,866	2.77%	($402,899)	$3,969,211	**2.51%**	6.82%	7.71%	5.85%
MW	$ 4,956	$1,620	102	6,678	$221,405	3.02%	($780)	$5,898	**2.66%**	12.12%	13.02%	3.94%
OL	$ 201,254	$82,080	0	283,334	$8,984,564	3.15%	($39,512)	$243,822	**2.71%**	15.03%	15.68%	2.87%
SL	$ 36,869	$13,751	0	50,620	$1,645,931	3.08%	($6,620)	$44,000	**2.67%**	15.92%	16.84%	3.29%
Total	$ 31,780,734	$ 3,903,448	$ 326,687	$ 36,010,869	$ 553,900,979	6.50%	($1,879,080)	$34,131,789	**6.16%**	4.85%	6.48%	9.47%

* GS is the combination of the SGS and MGS classes

EXHIBIT 2

Kentucky Power Company
Exhibit 2 - Rockport Offset Calculation Example
Case No. 2017-00179

	*Calculation**				*Source*
a	12 Month GAAP Net Income	$	97,000,000		Q4 2023 Per Books as Reported SEC Kentucky Power Company
b	13 Month Average Common Equity	$	1,000,000,000		Q4 2023 Per Books as Reported SEC Kentucky Power Company
c = a/b	Return on Common Equity		9.70%		Calculation
d	Kentucky Power Allowed Retail ROE		9.75%	**	Commission Order
	If D < C, Stop If D > C, Continue to Part e				
e = (b*d)-a	Net GAAP Income Increase Required to Earn Allowed Retail ROE	$	500,000		Calculation
f	Gross Revenue Conversion Factor		1.6433	**	Commission Order
g = e*f	Rockport Earnings Retainer Revenue	$	821,670		Calculation
= g	***Amount to Be Recovered Through Tariff PPA***	*$*	***821,670***		

*These numbers are illustrative
** Or as updated in a future Commission proceeding

EXHIBIT 3

Kentucky Power Company
Settlement Exhibit 3 - Transmission Return Difference Calculation
Case No. 2017-00179

	*Calculation**			Source	Frequency
a	TO Transmission Rate Base	$	319,471,085	2018 OATT TCOS	Update Annually
b	KY Juris Retail Demand Factor		0.985	2017-00179 Section V, Allocation Factors	Remains Static
c = a*b	KY Retail TO Trans Rate Base	$	314,679,018	calculation	
d	Base Rate KY Retail Trans Rate Base	$	266,193,980	2017-00179 Class Cost of Service	Remains Static
e = c-d	Difference	$	48,485,038	calculation	
f	TO WACC @ 11.49 ROE		7.55%	2018 OATT TCOS	Update Annually
g	TO WACC @ 9.75 ROE		6.78%	2018 OATT TCOS	Update Annually
h = f-g	Difference		0.77%	calculation	
j = e*h	TO Return Delta	$	371,431	calculation	
k	GRCF		1.6351	2018 OATT TCOS	Update Annually
= j*k	***2018 Tariff PPA Revenue Credit***	***$***	***607,326***	calculation	Update Annually

*These numbers are illustrative

Exhibit 4

KENTUCKY POWER COMPANY P.S.C. KY. NO. 11 ORIGINAL SHEET NO. 35-1
CANCELLING P.S.C. KY. NO. 11 ________ SHEET NO. 35-1

T

TARIFF P.P.A.
(Purchase Power Adjustment)

APPLICABLE.

To Tariffs R.S., R.S.D., R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D.2, G.S., S.G.S.-T.O.D., M.G.S.-T.O.D., K-12 School, L.G.S., L.G.S.-T.O.D., I.G.S., C.S. – I.R.P., M.W., O.L. and S.L.

RATE.

The annual purchase power adjustment factor will be computed using the following formula:

1. Annual Purchase Power Net Costs (PPANC)

PPANC = N+RP+CSIRP+G+OATT+RKP-BPP

Where:

BPP = The annual amount of purchase power costs included in base rates, $78,737,938.

a. N = The annual cost of power purchased by the Company through new Purchase Power Agreements. All new purchase power agreements shall be approved by the Commission to the extent required by KRS 278.300.
b. RP = The annual purchased power costs not otherwise recoverable in the Fuel Adjustment Clause including but not limited to the cost of fuel related substitute generation less the cost of fuel which would have been used in plants suffering forced generation or transmission outages and the cost of purchases in excess of the highest cost owned or leased unit.
c. CSIRP = The net annual cost of any credits provided to customers under Tariff C.S.-I.R.P. for interruptible service.
d. G = The annual gains and losses on incidental gas sales; and
e. OATT = 80% The net annual PJM load-serving entity Open Access Transmission Tariff Charges above or below the $74,038,517 included in BPP, less the transmission return difference pursuant to the Commission approved Settlement agreement in Case No. 2017-00179.
f. RKP = Rockport related items includable in Tariff PPA pursuant to the Commission approved Settlement agreement in Case No. 2017-00179:
   i. Increase in Rockport collection resulting from reduction in base rate deferral;
   ii. Rockport deferral amount to be recovered;
   iii. Rockport fixed cost savings; and
   iv. Rockport offset estimate and true-up.
   v. Final (over)/under recovery associated with tariff CC following its expiration

T

(Cont'd on Sheet No. 35-2)

DATE OF ISSUE:

DATE EFFECTIVE: Service Rendered On And After January 19, 2018

ISSUED BY: Ranie K. Wohnhas

TITLE: Managing Director, Regulatory & Finance

By Authority Of an Order of the Public Service Commission

In Case No. 2017-00179 Dated XXXXXXX

KENTUCKY POWER COMPANY **P.S.C. KY. NO. 11 ORIGINAL SHEET NO. 35-2**
CANCELLING P.S.C. KY. NO. 11 _________ SHEET NO. 35-2

N

TARIFF P.P.A. (Cont'd)
(Purchase Power Adjustment)

RATES.

Tariff Class	$/kWh	$/kW
R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., and R.S.-T.O.D. 2, R.S.D.	$0.00000	--
S.G.S.-T.O.D.	$0.00000	--
M.G.S.-T.O.D.	$0.00000	--
G.S.	$0.00000	--
L.G.S., P.S, L.G.S.-T.O.D.	$0.00000	$0.00
L.G.S.-L.M.-T.O.D.	$0.00000	--
I.G.S. and C.S.-I.R.P.	$0.00000	$0.00
M.W.	$0.00000	--
O.L.	$0.00000	--
S.L.	$0.00000	--

The kWh factor as calculated above will be applied to all billing kilowatt-hours for those tariff classes listed above. The kW factor as calculated above will be applied to all on-peak and minimum billing demand kW for the LGS and IGS tariff classes.

The Purchase Power Adjustment factors shall be modified annually using the following formula:

The Purchase Power Adjustment factors shall be determined as follows:

For all tariff classes without demand billing:

$$\text{kWh Factor} = \frac{PPA(E) \times (BE_{Class} / BE_{Total}) + PPA(D) \times (CP_{Class} / CP_{Total})}{BE_{Class}}$$

kW Factor = 0

For all tariff classes with demand billing:

$$\text{kWh Factor} = \frac{PPA(E) \times (BE_{Class} / BE_{Total})}{BE_{Class}}$$

$$\text{kW Factor} = \frac{PPA(D) \times (CP_{Class} / CP_{Total})}{BD_{Class}}$$

N

(Cont'd on Sheet No. 35-3)

DATE OF ISSUE:

DATE EFFECTIVE: Service Rendered On And After January 19, 2018

ISSUED BY: Ranie K. Wohnhas

TITLE: Managing Director, Regulatory & Finance

By Authority Of an Order of the Public Service Commission

In Case No. 2017-00179 Dated XXXXXXX

KENTUCKY POWER COMPANY **P.S.C. KY. NO. 11 ORIGINAL SHEET NO. 35-3**
CANCELLING P.S.C. KY. NO. 11 ________ SHEET NO. 35-3

TARIFF P.P.A. (Cont'd)
(Purchase Power Adjustment)

N

RATES. (Cont'd)

Where:

1. "PPA(D)" is the actual annual retail PPA demand-related costs, plus any prior review period (over)/under recovery.

2. "PPA(E) is the actual annual retail PPA energy-related costs, plus any prior review period (over)/under recovery.

3. "BE_{Class}" is the historic annual retail jurisdictional billing kWh for each tariff class for the current year.

4. "BD_{Class}" is the historic annual retail jurisdictional billing kW for each applicable tariff class for the current year.

5. "CP_{Class}" is the coincident peak demand for each tariff class estimated as follows:

Tariff Class	BE_{Class}	CP/kWh Ratio	CP_{Class}
R.S., R.S.-L.M.-T.O.D., R.S.-T.O.D., and R.S.-T.O.D. 2, R.S.D.		0.0240909%	
S.G.S.-T.O.D.		0.0196553%	
M.G.S.-T.O.D.		0.0196553%	
G.S.		0.0196553%	
L.G.S., P.S, L.G.S.-T.O.D		0.0170480%	
L.G.S.-L.M.-T.O.D.		0.0170480%	
I.G.S. and C.S.-I.R.P.		0.0118222%	
M.W.		0.0135480%	
O.L.		0.0000000%	
S.L.		0.0000000%	

6. "BE_{Total}" is the sum of the BE_{Class} for all tariff classes.

7. "CP_{Total}" is the sum of the CP_{Class} for all tariff classes.

8. The factors as computed above are calculated to allow the recovery of Uncollectible Accounts Expense of 0.34% and the KPSC Maintenance Fee of 0.1996% and other similar revenue based taxes or assessments occasioned by the Purchase Power Adjustment revenues.

9. The annual PPA factors shall be filed with the Commission by August 15 of each year with the exception of the Rockport items includable in Tariff PPA pursuant to the Commission approved Settlement agreement in Case No. 2017-00179, with rates to begin with the October billing period, along with all necessary supporting data to justify the amount of the adjustments, which shall include data and information as may be required by the Commission.

   Copies of all documents required to be filed with the Commission shall be open and made available for public inspection at the office of the Public Service Commission pursuant to the provisions of KRS 61.870 to 61.884. N

DATE OF ISSUE:

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TITLE: Managing Director, Regulatory & Finance

By Authority Of an Order of the Public Service Commission

In Case No. 2017-00179 Dated XXXXXXX

EXHIBIT 5

Exhibit 5 - Depreciation Rates
Case No. 2017-00179

KENTUCKY POWER COMPANY
BIG SANDY UNIT 1 AND MITCHELL PLANT SETTLEMENT DEPRECIATION RATES CALCULATION
BASED ON PLANT IN SERVICE AT DECEMBER 31, 2013 (MITCHELL) AND AT DECEMBER 31, 2016 (BIG SANDY UNIT 1)
AVERAGE LIFE GROUP (ALG) METHOD ACCRUAL RATES

Acct.	Title	Original Cost	Net Salvg. Ratio	Total to be Recovered	Calculated Depreciation Requirement	Accumulated Depreciation	Remaining to Be Recovered	Avg. Remain Life	Annual Accrual Amount	Annual Accrual Percent
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
STEAM PRODUCTION PLANT										
Big Sandy Unit 1										
311.0	Structures & Improvements	11,756,127	1.02	11,991,250	7,526,502	4,805,397	7,185,853	20.00	359,293	3.06%
312.0	Boiler Plant Equipment	75,388,722	1.02	76,896,496	22,552,265	9,774,280	67,122,216	20.00	3,356,111	4.45%
314.0	Turbogenerator Units	61,392,346	1.02	62,620,193	36,338,075	28,424,981	34,195,212	20.00	1,709,761	2.78%
315.0	Accessory Electrical Equip.	3,877,136	1.02	3,954,679	2,964,549	2,578,951	1,375,728	20.00	68,786	1.77%
316.0	Misc. Power Plant Equip.	3,321,344	1.02	3,387,771	2,153,127	1,512,867	1,874,904	20.00	93,745	2.82%
	Total	155,735,675		**158,850,389**	**71,534,518**	**47,096,476**	**111,753,913**		**5,587,696**	**3.59%**
Mitchell Plant										
311	Structures & Improvements	42,000,197	1.03	43,260,203	18,282,178	16,183,402	27,076,801	25.01	1,082,639	2.58%
312	Boiler Plant Equipment	765,644,984	1.03	788,614,334	245,324,500	238,518,432	550,095,902	24.25	22,684,367	2.96%
312	Boiler Plant Equip SCR Catalyst	8,190,115	1.00	8,190,115	4,023,394	2,378,493	5,811,622	4.07	1,023,764	12.50%
314	Turbogenerator Units	53,295,697	1.03	54,894,568	29,106,660	33,613,523	21,281,045	23.84	892,661	1.67%
315	Accessory Electrical Equip.	17,080,672	1.03	17,593,092	9,466,086	11,043,285	6,549,807	25.81	253,770	1.49%
316	Misc. Power Plant Equip.	7,693,412	1.03	7,924,214	3,289,590	3,072,520	4,851,694	23.96	202,491	2.63%
	Total	893,905,077	1.03	920,476,526	309,492,408	304,809,655	615,666,871	23.55	26,139,693	2.92%

Notes:
1.) Terminal net salvage removed as a component of net salvage ratio for both plants (column IV).
2.) Average remaining life adjusted to reflect a 20 year useful life of BS1 (column IX).
3.) Mitchell Plant information from schedule used to calculate depreciation rates in settlement of Case No. 2014-00396.

EXHIBIT 6

Kentucky Power Company
Exhibit 6a - Calculation of Weighted Average Cost of Capital
Case No. 2017-00179

KENTUCKY POWER COMPANY
COST OF CAPITAL
TEST YEAR ENDED FEBRUARY 28, 2017

Line No.	Description	Reapportioned Kentucky Jurisdictional Capital 1/	Percentage of Total	Annual Cost Percentage Rate		Weighted Average Cost Percent	Gross Up	Pre-Tax Weighted Average Cost Percent
(1)	(2)	(3)	(4)	(5)		(6) = (4) X (5)	(7)	(8) = (6) X (7)
1	Long Term Debt	$636,995,903	53.45%	4.36%	2/	2.33%	1.00540	2.34%
2	Short Term Debt	11,917,855	1.00%	1.25%	3/	0.01%	1.00540	0.01%
3	Accounts Receivable F	46,105,009	3.87%	1.95%	5/	0.08%	1.00540	0.08%
4	Common Equity	496,766,726	41.68%	**9.75%**	6/	4.06%	1.64334	6.67%
5	Total	$1,191,785,493	100.00%			**6.48%**		**9.11%**

Kentucky Power Company
Exhibit 6b - Calculation of Gross Revenue Conversion Factor
Case No. 2017-00179

KENTUCKY POWER COMPANY
COMPUTATION OF THE GROSS REVENUE
CONVERSION FACTOR
TEST YEAR ENDED FEBRUARY 28,2017

Line No. (1)	Description (2)		Percent of Incremental Gross Revenues (3)
1	Operating Revenues		100.00%
2	Less: Uncollectible Accounts Expense 1/		0.3400%
3	KPSC Maintenance Fee		0.1996%
4	Income Before income Taxes		99.4604%
5	Less: State Income Taxes (L4 X 5.8742%) 2/	5.87%	5.843%
6	Income Before Federal Income Taxes		93.6179%
7	Less: Federal income Taxes (L6 X 35.00%)	35.00%	32.7663%
8	Operating Income Percentage		60.8516%
9	Gross Revenue Conversion Factor (100% / L8)		**1.6433**

EXHIBIT 7

KENTUCKY POWER COMPANY P.S.C. KY. NO. 11 ORIGINAL SHEET NO. 9-9
CANCELLING P.S.C. KY. NO. 11 ________ SHEET NO. 9-9

TARIFF K-12 SCHOOL
(Public and Private School)

AVAILABILITY OF SERVICE.

Available for general service to K-12 School customers subject to KRS 160.325 with normal maximum demands greater than 100 KW but not more than 1,000 KW.

RATE.

	Service Voltage			
	Secondary	Primary	Subtransmission	Transmission
Tariff Code	260	264	268	270
Service Charge per Month	$ 85.00	$ 127.50	$ 660.00	$ 660.00
Demand Charge per KW	$ 7.97	$ 7.18	$ 5.74	$ 5.60
Excess Reactive Charge per KVA	$ 3.46	$ 3.46	$ 3.46	$ 3.46
Energy Charge per KWH	7.671¢	6.709¢	5.535¢	5.429¢

MINIMUM CHARGE.

Bills computed under the above rate are subject to a monthly minimum charge comprised of the sum of the service charge and the minimum demand charge. The minimum demand charge is the product of the demand charge per KW and the monthly billing demand.

ADJUSTMENT CLAUSES.

The bill amount computed at the charges specified above shall be increased or decreased in accordance with the following:

Fuel Adjustment Clause	Sheet No. 5
System Sales Clause	Sheet No. 19
Franchise Tariff	Sheet No. 20
Demand-Side Management Adjustment Clause	Sheet No. 22
Kentucky Economic Development Surcharge	Sheet No. 24
Capacity Charge	Sheet No. 28
Environmental Surcharge	Sheet No. 29
School Tax	Sheet No. 33
Purchase Power Adjustment	Sheet No. 35
Decommissioning Rider	Sheet No. 38

(Cont'd on Sheet No. 9-10)

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TARIFF K-12 SCHOOL (Cont'd)
(Public and Private School)

DELAYED PAYMENT CHARGE.

This tariff is due and payable in full on or before the due date stated on the bill. On all accounts not so paid, an additional charge of 5% of the unpaid balance will be made.

METERED VOLTAGE.

The rates set forth in this tariff are based upon the delivery and measurement of energy at the same voltage, thus measurement will be made at or compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss compensating equipment, the use of formulas to calculate losses or the application of multipliers to the metered quantities. In such cases, the metered KWH and KW values will be adjusted for billing purposes. If the Company elects to adjust KWH and KW based on multipliers, the adjustment shall be in accordance with the following:

(1) Measurements taken at the low-side of a customer-owned transformer will be multiplied by 1.01.

(2) Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.98.

MONTHLY BILLING DEMAND.

Billing demand in KW shall be taken each month as the highest 15-minute integrated peak in kilowatts as registered during the month by a 15-minute integrating demand meter or indicator, or at the Company's option as the highest registration of a thermal type demand meter or indicator. The monthly billing demand so established shall in no event be less than 60% of the greater of (a) the customer's contract capacity or (b) the customer's highest previously established monthly billing demand during the past 11 months.

DETERMINATION OF EXCESS KILOVOLT-AMPERE (KVA) DEMAND.

The maximum KVA demand shall be determined by the use of a multiplier equal to the reciprocal of the average power factor recorded during the billing month, leading or lagging, applied to the metered demand. The excess KVA demand, if any, shall be the amount by which the maximum KVA demand established during the billing period exceeds 115% of the kilowatts of metered demand.

(Cont'd on Sheet No. 9-11)

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TARIFF K-12 SCHOOL (Cont'd)
(Public and Private School)

TERM OF CONTRACT.

Contracts under this tariff will be made for customers requiring a normal maximum monthly demand between 500 KW and 1,000 KW and be made for an initial period of not less than 1 (one) year and shall remain in effect thereafter until either party shall give at least 6 months written notice to the other of the intention to terminate the contract. The Company reserves the right to require initial contracts or periods greater than 1 (one) year. For customers with demands less than 500 KW, a contract may, at the Company's option, be required.

Where new Company facilities are required, the Company reserves the right to require initial contracts for periods greater than one year for all customers served under this tariff.

A new initial contract period will not be required for existing customers who change their contract requirements after the original initial period unless new or additional facilities are required.

CONTRACT CAPACITY.

The Customer shall set forth the amount of capacity contracted for (the "contract capacity") in an amount up to 1,000 KW. Contracts will be made in multiples of 25 KW. The Company is not required to supply capacity in excess of such contract capacity except with express written consent of the Company.

SPECIAL TERMS AND CONDITIONS.

This tariff is subject to the Company's Terms and Conditions of Service.

This tariff is also available to Customers having other sources of energy supply but who desire to purchase standby or back-up electric service from the Company. Where such conditions exist the customer shall contract for the maximum amount of demand in KW, which the Company might be required to furnish, but not less than 100 KW nor more than 1,000 KW. The Company shall not be obligated to supply demands in excess of the contract capacity. Where service is supplied under the provisions of this paragraph, the billing demand each month shall be the highest determined for the current and previous two billings periods, and the minimum charge shall be as set forth under paragraph "Minimum Charge" above.

Customers with PURPA Section 210 qualifying cogeneration and/or small power production facilities shall take service under Tariff COGEN/SPP I or II or by special agreement with the Company.

EXHIBIT 8

KENTUCKY POWER COMPANY **P.S.C. KY. NO. 11 ORIGINAL SHEET NO. 31-1**
CANCELLING P.S.C. KY. NO. 11 ________ SHEET NO. 31-1

RIDER R.P.O.
(Renewable Power Option Rider)

AVAILABILITY OF SERVICE.

Available to customers taking metered service under the Company's R.S., R.S.D. , R.S.-L.M.-T.O.D., R.S.-T.O.D., Experimental R.S.-T.O.D.2, G.S., S.G.S.-T.O.D., M.G.S.-T.O.D., K-12 School, L.G.S., L.G.S.-T.O.D., I.G.S., C.S.-I.R.P. and M.W. tariffs. **T** **T**

Participation in this program under Option A may be limited by the ability of the Company to procure renewable energy certificates (RECs) from Renewable Resources. If the total of all kWh under contract under this Rider equals or exceeds the Company's ability to procure RECs, the Company may suspend the availability of this Rider to new participants. **T**

Customers who wish to directly purchase the electrical output and all associated environmental attributes from a renewable energy generator may contract bilaterally with the Company under Option B. Option B is available to customers taking metered service under the Company's I.G.S., and C.S.-I.R.P. tariffs, or multiple L.G.S. tariff accounts with common ownership under a single parent company that can aggregate multiple accounts to exceed 1000 kW of peak demand. **N** **N**

CONDITIONS OF SERVICE.

Customers who wish to support the development of electricity generated by Renewable Resources may under Option A contract to purchase each month a specific number of fixed kWh blocks, or choose to cover all of their monthly usage. **T** **T**

Renewable Resources shall be defined as Wind, Solar Photovoltaic, Biomass Co-Firing of Agricultural crops and all energy crops, Hydro (as certified by the Low Impact Hydro Institute), Incremental Improvements in Large Scale Hydro, Coal Mine Methane, Landfill Gas, Biogas Digesters, Biomass Co-Firing of All Woody Waste including mill residue, but excluding painted or treated lumber. All REC's purchased under Option A of this tariff shall be retained or retired by the Company on behalf of customers. **T** **T**

T

RATES.

N

Option A:

In addition to the monthly charges determined according to the Company's tariff under which the customer takes metered service, the customer shall also pay the following rate for the REC option of their choosing. The charge will be applied to the customer's bill as a separate line item. **T**

The Company will provide customers at least 30-days' advance notice of any change in the Rate. At such time, the customer may modify or cancel their automatic monthly purchase agreement. Any cancellation will be effective at the end of the current billing period when notice is provided.

A1. Solar RECs:

Block Purchase:	Charge ($ per 100 kWh block): $ 1.00/month **N**
All Usage Purchase:	Charge: $0.010/kWh consumed **N**

(Cont'd on Sheet 31-2)

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RIDER R.P.O. T
(Renewable Power Option Rider) T

RATES. (Cont'd)

A2. Wind RECs: N

Block Purchase:	Charge ($ per 100 kWh block): $ 1.00/month
All Usage Purchase:	Charge: $0.010/kWh consumed

A3. Hydro & Other RECs:

Block Purchase:	Charge ($ per 100 kWh block): $ 0.30/month
All Usage Purchase:	Charge: $0.003/kWh consumed

Option B:

Charges for service under option B of this Tariff will be set forth in the written agreement between the Company and the Customer and will reflect a combination of the firm service rates otherwise available to the Customer and the cost of the renewable energy resource being directly contracted for by the Customer. N

TERM.

This is a voluntary program.

Under Option A Customers may participate through a one-time purchase, or establish an automatic monthly purchase agreement. Any payments under this program are nonrefundable. Customers participating under Option A may terminate service under this Rider by notifying the Company with at least thirty (30) days prior notice. T T T

Under Option B, the term of the agreement will be determined in the written agreement between the Company and the Customer. T

SPECIAL TERMS AND CONDITIONS.

This Rider is subject to the Company's Terms and Conditions of Service and all provisions of the tariff under which the customer takes service, including all payment provisions. The Company may deny or terminate service under this Rider to customers who are delinquent in payment to the Company.

Funds collected under this Renewable Power Option Rider will be used solely to purchase RECs for the program. T

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KENTUCKY POWER COMPANY **P.S.C. KY. NO. 11 ORIGINAL SHEET NO. 31-3**
CANCELLING P.S.C. KY. NO. 11 _________ SHEET NO. 31-3

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