

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Electronic Application Of Kentucky Power Company)	
For (1) An Order Approving The Terms And)	
Conditions Of The Renewable Energy Purchase)	
Agreement For Solar Energy Resources Between)	
Kentucky Power Company And Bright Mountain)	Case No. 2024-00243
Solar, LLC; (2) Authorization To Enter Into The)	
Agreement; (3) Recovery Of Costs Through Tariff)	
P.P.A.; (4) Approval Of Accounting Practices To)	
Establish A Regulatory Asset; And (5) All Other)	
Required Approvals And Relief)	

APPLICATION

Kentucky Power Company (“Kentucky Power” or the “Company”) applies to the Public Service Commission of Kentucky (“Commission”) pursuant to KRS 278.300, KRS 278.020, 807 KAR 5:001, Section 14, and 807 KAR 5:001, Section 18 for an Order **no later than March 31, 2025**: (1) approving the terms and conditions of the Renewable Energy Purchase Agreement for Solar Energy Resources (“REPA” or “Agreement”) between Kentucky Power Company and Bright Mountain Solar, LLC (“Bright Mountain”); (2) authorization to enter into the Agreement; (3) recovery of costs through Tariff P.P.A.; (4) approval of accounting practices to establish a regulatory asset; and (5) granting all other required approvals and relief.

Kentucky Power states:

APPLICANT

1. **Name and Address**: The Applicant’s full name and post office address is: Kentucky Power Company, 1645 Winchester Avenue, Ashland, Kentucky 41101. The Company’s electronic mail address is kentucky_regulatory_services@aep.com.

2. **Incorporation**: Kentucky Power is a corporation organized on July 21, 1919 under the laws of the Commonwealth of Kentucky. The Company currently is in good standing in Kentucky.¹

3. **Business**: Kentucky Power is a public utility principally engaged in the provision of electricity to Kentucky consumers. The Company generates and purchases electricity that it distributes and sells at retail to approximately 163,000 customers located in all, or portions of, the Counties of 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.

4. **Non-Party Entities**: Bright Mountain is a wholly-owned subsidiary of Avangrid Renewables, LLC (“Avangrid”). Avangrid is one of the leading providers of clean, renewable power in the U.S., with more than 8,300 MW of owned and controlled wind and solar power facilities across the country. Bright Mountain will construct and operate the 80-megawatt (MW) Bright Mountain Solar Project located in Perry County, Kentucky, which includes a solar-powered electric generating facility and a nonregulated electric transmission line (“Project”). Bright Mountain was authorized by the Kentucky State Board on Generation and Electric Transmission Siting by order dated March 13, 2024 to construct the Project in Case No. 2022-00274. Bright Mountain is the counterparty to the REPA for which Kentucky Power seeks approval in this Application.

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 July 30, 2024 Certificate of Existence is as **Exhibit 2** to this Application.

THE COMPANY'S REQUEST FOR APPROVALS

5. The Company has included as **Exhibit 1** to this Application a checklist that demonstrates the location within the Company's Application of each statutory, regulatory, or other requirement applicable to this Application. A brief description of each of the Company's requests in this case is provided below.

DESCRIPTION OF THE REPA

6. On September 22, 2023, consistent with the Company's 2022 Integrated Resource Plan ("IRP"),² Kentucky Power issued three requests for proposals ("RFPs") for approximately 875 MW of PJM-accredited summer capacity, and approximately 1,300 MW of PJM-accredited winter capacity via one or more power purchase agreements from the following resources located in the PJM region; solar and wind, thermal, and/or standalone storage. Company Witness Zachary M. Yetzer provides more details of the RFP process in his testimony.

7. Kentucky Power successfully negotiated and executed the Bright Mountain REPA through the RFP process. On July 19, 2024, Kentucky Power entered into a 15-year REPA with Bright Mountain for the purchase by Kentucky Power of all the renewable energy products (energy, capacity, and renewable energy certificates ("RECs")) generated by the Project for a term of 15 years at a non-escalating price of \$83.68 per MWh.³

8. The Bright Mountain REPA represents the Company's first step in a process to fill the capacity and energy needs identified in its IRP. Specifically, the Project is estimated to account for approximately 4.8 MW of accredited capacity to be included in the Company's FFR Plan starting in PJM Planning Year 2027/28.

² See *In The Matter Of: Electronic 2022 Integrated Resource Planning Report Of Kentucky Power Company*, Case No. 2023-00092.

³ See Confidential Exhibit ZMY-4 (Exhibit B, "Contract Rate") to the Direct Testimony of Zachary M. Yetzer.

9. The Project will be located in Perry County, Kentucky and will be interconnected to the Kentucky Power transmission system via direct connection to the Bonnyman 69 kV Station. The targeted commercial operation date for the Project is April 15, 2027.

10. The REPA is subject to approval by this Commission, and Kentucky Power has the right under the agreement to terminate the REPA if it is not approved by the Commission.

11. Bright Mountain will initiate the construction phase of the project after receipt of a final non-appealable order from this Commission that is acceptable to Kentucky Power. The REPA requires the Company to obtain that final, non-appealable order by no later than May 1, 2025.

12. By this Application, Kentucky Power is seeking only those approvals required under Article 6.1 of the REPA to consummate the transaction. The transaction remains subject to other conditions precedent and subsequent.

13. All terms and conditions of the REPA are contained in Exhibit ZMY-4 to the Direct Testimony of Zachary M. Yetzer, which is comprised of a complete copy of the REPA for which Kentucky Power seeks approval in this Application. Portions of the REPA are confidential. An overview of terms and conditions of the REPA is provided in the Direct Testimony of Company Witness Yetzer and in Exhibit ZMY-5. The Company is filing confidential and public versions of Exhibit ZMY-4 and Exhibit ZMY-5 with the Commission, as well as a Motion for Confidential Treatment.

REQUEST FOR APPROVAL OF THE REPA UNDER KRS 278.300

The Financial Obligations Assumed By Kentucky Power Under The REPA Are For A Lawful Object Within Kentucky Power's Corporate Purposes.

14. Kentucky Power is a corporation organized under the laws of the Commonwealth of Kentucky. It is regulated by the Commission and, pursuant to Kentucky's Certified Territory

Statutes, KRS 278.016-278.018, possesses the exclusive right and obligation to provide retail electric service within its certified territory in parts of 20 counties in Kentucky.

15. The financial obligations assumed by Kentucky Power under the REPA are in connection with a long-term contract for the purchase of capacity and energy to meet Kentucky Power's obligation, as an electric utility providing service within its certified territory within the Commonwealth of Kentucky, to provide adequate, efficient, and reasonable service to its Kentucky customers.⁴ As such, the REPA, and Kentucky Power's financial obligations under the REPA, are for a lawful object within the Company's corporate purpose.

The Financial Obligations Assumed By Kentucky Power Under the REPA Are Necessary And Appropriate For, And Consistent With, The Provision Of Electric Service By Kentucky Power In Its Certified Territory And Will Not Impair Its Ability To Perform That Service.

16. The Company's IRP identifies a need for 115 MW of capacity beginning in 2026 and 66 MW in 2027. It further identifies a need for at least 713 MW of capacity beginning in 2028, which is driven by PJM minimum reserve margin requirements and the termination of the Company's interest in the Mitchell Plant in 2028. The Company's capacity needs expand to approximately 1,000 MW beginning in 2031 due to the potential end of operations of Big Sandy Unit 1. The IRP also identified an energy need for Kentucky Power over that same period. The Company's Preferred Plan in its IRP identified a mix of resources to fill these needs including gas, solar, and wind, as well as the continued operation of Big Sandy 1 through 2041. The Bright Mountain REPA represents the Company's first step in a process to fill the capacity and energy needs identified in its IRP.

⁴ KRS 278.030.

17. The Company estimates capacity benefits to customers of approximately \$2.1 million over the term of the REPA on a net present value basis. Company Witness Coon describes this benefit in more detail in her Direct Testimony.

18. In addition to counting towards the Company's capacity need that starts in 2026, the Project, being a fuel-free resource, will provide a physical hedge located within the Company's service territory against volatile fuel prices, and its production will help partially offset the costs of potential future market purchases.

19. Additionally, the Company will receive energy revenue from the Project being bid into the PJM spot market. These revenues will flow back to customers through the Company's fuel adjustment clause. Specifically, as supported by Company Witness Nicole M. Coon, the estimated energy benefits for customers are estimated to be approximately \$42.6 million over the life of the REPA on a net present value basis. A diverse portfolio also provides operational flexibility as different resources have different operating characteristics.

20. The Project also will provide RECs that the Company can utilize to the benefit of all customers. Specifically, the value of any monetized RECs can be passed back to customers to partially offset the cost of the Project. As described in the Direct Testimony of Company Witness Coon, the REC value is approximately \$42.6 million over the life of the REPA on a net present value basis.

21. In addition, adding renewable energy and having this resource as a part of a diversified portfolio available to serve the Company's customers will benefit the service territory. The Project also will benefit the local community by generating incremental investment in Perry County that will benefit local families, businesses, and industries in that community.

22. In its application before the Siting Board in Case No. 2022-00274, Bright Mountain estimated the local benefits that included demand for approximately 280 full-time equivalent (“FTE”) jobs statewide for construction and 12 FTE jobs annually for operation and maintenance of the facility. Bright Mountain further estimated a total value of \$29.2 million in onsite and offsite industrial production and induced benefits throughout the Commonwealth during facility construction. Specific to Perry County, the construction of the Project was estimated to add approximately 36 FTEs and 4 annual FTEs for operations and maintenance of the facility after construction is complete.

23. As a result, the financial obligations assumed by Kentucky Power under the REPA are necessary and appropriate for, and consistent with, Kentucky Power’s provision of electric service.

The REPA Is Reasonably Necessary And Appropriate For Such Purpose.

24. When determining whether the REPA is reasonably necessary and appropriate, the Commission will apply the standard in KRS 278.020(1) to determine whether Kentucky Power has a need for the additional generation and whether additional generation is the least cost reasonable alternative available to satisfy that need.⁵

25. As explained in the next section of this Application, the terms of the REPA comply with the requirements of KRS 278.020(1).

COMPLIANCE WITH REQUIREMENTS UNDER KRS 278.020(1)

Kentucky Power Has A Need For The Generation Provided Under The REPA

26. As stated in the previous section and described in more detail in the Direct Testimony of Company Witness Wolfram, Kentucky Power has a need for additional capacity

⁵ Order at 11, *In The Matter Of: Electronic Application Of Big Rivers Electric Corporation For Approval Of Solar Power Contracts*, Case No. 2020-00183 (Ky. P.S.C. Sep. 28, 2020).

beginning in 2026, which substantially increases in 2028, as well as an energy need. The targeted commercial operation date for the Project is April 15, 2027. While the Project will not satisfy the Company's full capacity and energy needs that begin in 2026, it is the first step of a larger solution in doing so.

27. The Project therefore provides needed capacity and energy during a time when Kentucky Power will need it, as evidenced by its IRP and the Direct Testimony of Company Witness Wolfram.

The Generation Provided Under The REPA Will Not Result In Wasteful Duplication

28. The generation provided under the REPA does not duplicate any existing facilities and does not result in an excess of capacity over need, or excess investment in relation to the productivity and efficiency to be gained.

29. The Company has a clear need to add resources to serve customers in the near term both in terms of energy and capacity. The accredited capacity will be included in the Company's FRR Plan for PJM planning years 2027/28. As demonstrated in the Direct Testimony of Company Witness Coon, the REPA would displace the need for capacity purchases the Company would otherwise have to make to cover the accredited amount associated with the facility. In this regard, the REPA provides an estimated \$2.1 million net present value to customers. Finally, the Company still will have a need to add additional capacity and energy resources in addition to that provided under the REPA, which demonstrates that the REPA does not provide generation in excess of the Company's needs.

30. In addition, as described in more detail in the Direct Testimony of Company Witness Yetzer, the Company performed a thorough review of all reasonable alternatives via the

request for proposal (“RFP”) process that resulted in the selection of the Bright Mountain Project, and the execution of the REPA.

31. After review and thorough analysis of all bids submitted via the RFP process, the REPA represents the least-cost reasonable alternative for a physical resource to address a portion of the capacity and energy needs identified in the Company’s IRP. However, as stated previously, the REPA is the first step in a larger process to satisfy the Company’s entire capacity and energy needs going forward.

32. The generation provided under the REPA will not result in wasteful duplication.

ESTIMATED COST AND RATE IMPACT AND PROPOSED RECOVERY OF COSTS

33. The Company will pay a fixed price of \$83.68 per MWh for the benefits received under the REPA, including energy, capacity, and RECs.⁶ The costs incurred under the REPA are estimated to be approximately \$12.5 million annually. As shown in Figure NMC-1 in the Direct Testimony of Company Witness Coon, the first-year annual impact is estimated to be approximately \$1.6 million after considering the estimated avoided generation capacity costs, energy revenues and estimated revenue from REC sales. Company Witness Coon explains these offsets further in her Direct Testimony.

34. The Company proposes to recover the costs incurred under the REPA through the existing mechanism to recover purchase power in Tariff Purchase Power Adjustment (“P.P.A.”).⁷ No revisions to Tariff P.P.A. are required as a result of this proposal.

35. The estimated year-one impact on Kentucky retail rates is an increase of 0.27%. Figure NMC-1 in the Direct Testimony of Company Witness Coon presents the estimated rate

⁶ See Confidential Exhibit ZMY-4 (Exhibit B, “Contract Rate”) to the Direct Testimony of Zachary M. Yetzer.

⁷ See P.S.C. KY. No. 13 Original Sheet No. 31.1, “Rate” Section 1.a.

impacts to residential, commercial, and industrial customers. The figure also presents the estimated monthly bill increase for an average residential customer using 1,128-kwh to be approximately \$0.34.

36. The Company proposes to flow all non-energy benefits and all costs through Tariff P.P.A., which will be subject to the normal true-up process provided for in Tariff P.P.A. All energy benefits will flow through the FAC in the form of energy revenues being received from the PJM spot energy market. Additionally, as described in the next section of this Application, the Company seeks authority to defer and accumulate for later recovery certain costs associated with development of the Project.

37. The REPA will not require the Company to issue debt and it will not affect the completion of any other capital project. Additionally, the Company does not anticipate any impacts to its credit ratings as a result of entering into the REPA.

REQUEST FOR APPROVAL OF ACCOUNTING TREATMENT TO ESTABLISH A REGULATORY ASSET

38. The Company incurred reasonable and necessary costs in connection with the development of the Project. Specifically, Kentucky Power incurred development costs associated with the implementation and execution of the 2023 All Source RFP, development of a shortlist of projects, and negotiation and execution of the REPA. These costs include expenses the Company incurred related to internal resource support and outside services that are reasonable and necessary to develop and finalize the REPA, and obtain to approval. The development costs incurred through June 2024 are approximately \$0.9 million. Company Witness Yetzer discusses these costs in more detail in his testimony.

39. The development costs are eligible for inclusion in a regulatory asset. First, the Company incurred these costs in connection with the Company's process to implement both the

Company's IRP and, in the larger context, to meet the Company's statutory obligations to provide adequate, efficient, and reasonable service. Accordingly, the development costs should be considered an expense resulting from a statutory or administrative directive. Additionally, the development costs are eligible for inclusion because they were extraordinary and non-recurring. These costs, totaling approximately \$0.9 million, are not ongoing in nature, and are not otherwise captured by the ratemaking process or included in the Company's base rates.

40. As such, the Company requests Commission approval to establish a regulatory asset and a deferral, including a return on the unamortized balance at the Company's approved weighted average cost of capital.

41. Financial Accounting Standards Board Accounting Standards Codification ("FASB Codification" or "ASC") 980-340-25-1 requires utility management to defer and capitalize a current cost (as a regulatory asset) when in management's judgment the cost is probable of recovery. The FASB ASC Master Glossary defines "probable" as "the future event or events are likely to occur." Evidence of probable recovery includes orders from the regulator specifically authorizing deferral of the current cost for later review and recovery through rates.

42. The requested order granting Kentucky Power authority to accumulate and defer for later review and recovery the development costs described above in a regulatory asset would permit Kentucky Power to establish the regulatory asset.

OTHER REGULATORY REQUIREMENTS

807 KAR 5:001, Section 18

43. A general description of Kentucky Power's property and its field of operation, together with the statement of its original cost and its cost to Kentucky Power, is attached as **Exhibit 3**. [807 KAR 5:001, Section 18(1)(b).].

44. Kentucky Power will not issue any stock or bonds as a part of entering into the REPA. Under existing Commission authority the REPA constitutes an evidence of indebtedness. [807 KAR 5:001, Section 18(1)(c).]

45. Kentucky Power is entering into the REPA as a necessary and appropriate method of meeting its capacity and energy needs. The REPA is described in more detail above. [807 KAR 5:001, Section 18(1)(d).]

46. Kentucky Power is not acquiring any property, but instead entering into the REPA. The REPA provides that Kentucky Power will, after the effective date of the agreement, purchase all capacity and energy from the Bright Mountain facility and receive all RECs associated with that energy. A copy of the REPA is filed with this Application as Confidential Exhibit ZMY-3 to the Direct Testimony of Zachary M. Yetzer. [807 KAR 5:001, Section 18(1)(e).]

47. Kentucky Power is not proposing to discharge or refund obligations as part of this application. [807 KAR 5:001, Section 18(1)(f).]

48. The required financial exhibits are described below. [807 KAR 5:001, Section 18(2)(a).]

49. There are no outstanding trust deeds or mortgages relating to Kentucky Power or its property. [807 KAR 5:001, Section 18(2)(b).]

50. The information required by 807 KAR 5:001, Section 17(2)(c) is not applicable because Kentucky Power is not proposing in this Application to construct the Bright Mountain facility, but rather to enter into the REPA. In addition, the Siting Board granted Bright Mountain a Construction Certificate to construct the Bright Mountain Facility by its order dated March 13, 2024 in Case No. 2022-00274.

807 KAR 5:001, Section 12 – Financial Exhibit

51. The Financial Exhibit for the 12 month period ending June 30, 2024 required by 807 KAR 5:001, Section 12 is attached as **Exhibit 4**. [807 KAR 5:001, Section 12(2)(a-h).]

52. A detailed income statement and balance sheet for Kentucky Power for the twelve month period ending June 30, 2024 are included with Exhibit 4 (Financial Exhibit). [807 KAR 5:001, Section 12(2)(i).]

REQUESTED DATE FOR FINAL ORDER

53. Kentucky Power requests that the Commission issue an order granting the requested relief no later than March 31, 2025.⁸ The issuance of an order no later than March 31, 2025 is a necessary predicate to obtain a final, non-appealable order by May 1, 2025 as required by Section 6.1 of the REPA.

TESTIMONY

54. The testimonies of Tanner S. Wolfram, Zachary M. Yetzer, and Nicole M. Coon are filed in support of this Application.

EXHIBITS

55. The exhibits listed in the Appendix to this Application are attached to and made a part of this Application.

COMMUNICATIONS

56. Kentucky Power respectfully requests that communications in this matter be addressed to the e-mail addresses identified on Kentucky Power’s July 24, 2024 Notice of Election of Use of Electronic Filing Procedures.

⁸ See also KRS 278.019(1).

WHEREFORE, Kentucky Power Company respectfully requests that the Commission issue an Order:

(1) approving the terms and conditions of the Renewable Energy Purchase Agreement for Solar Energy Resources between Kentucky Power Company and Bright Mountain Solar, LLC;

(2) approving and authorizing Kentucky Power to enter into the Agreement;

(3) approving and authorizing the recovery of costs through Tariff P.P.A.;

(4) approving accounting practices to establish a regulatory asset; and

(5) granting all other required approvals and relief.

Respectfully submitted,



Katie M. Glass
STITES & HARBISON PLLC
421 West Main Street
P. O. Box 634
Frankfort, Kentucky 40602-0634
Telephone: (502) 223-3477
Fax: (502) 560-5377
kglass@stites.com

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

COUNSEL FOR KENTUCKY POWER
COMPANY

APPENDIX

- Exhibit 1** Application Requirements Checklist
- Exhibit 2** July 30, 2024 Certificate of Existence
- Exhibit 3** General Description of Kentucky Power’s Property
- Exhibit 4** Financial Exhibit, including Income Statement and Balance Sheet

Application Requirements Checklist

Requirement	Description of Requirement	Location(s) in Filing
<i>General Application Requirements</i>		
807 KAR 5:001		
Section 7(1)	The application and 10 copies.	Company is e-filing.
Section 4(3)	Paper signed by submitting party or attorney.	Application at p. 14.
Section 4(3)	Name, address, telephone number, fax number, and e-mail address of submitting party or attorney.	Application at p. 14.
Section 4(10)	Personal information must be redacted	Complied.
Section 8(4)(b)	E-filed documents must be .pdf files that: <ul style="list-style-type: none"> • are searchable and optimized for internet viewing; • have bookmarks distinguishing sections; • if scanned material, be at resolution of 300 DPI 	Complied.
Section 14(1)	Full name, mailing address, and e-mail address of applicant.	Application at ¶ 1.
Section 14(1)	Facts on which application is based, with request for the order, authorization, permission, or certificate desired.	Application, introductory paragraph, <i>passim</i> ; Direct Testimony of Tanner S. Wolfram; Direct Testimony of Zachary M. Yetzer; Direct Testimony of Nicole M. Coon.
Section 14(1)	A reference to the particular law requiring Commission approval.	Application at introductory paragraph.

Section 14(2)	If a corporation, the applicant shall identify in the application the state in which it is incorporated and the date of its incorporation, attest that it is currently in good standing in the state in which it is incorporated, and, if it is not a Kentucky corporation, state if it is authorized to transact business in Kentucky.	Application at ¶¶ 2-3; Application Exhibit 2.
Section 14(3)	If a limited liability company, the applicant shall identify in the application the state in which it is organized and the date on which it was organized, attest that it is in good standing in the state in which it is organized, and, if it is not a Kentucky limited liability company, state if it is authorized to transact business in Kentucky.	N/A
Section 14(4)	If the applicant is a limited partnership, a certified copy of its limited partnership agreement and all amendments, if any, shall be annexed to the application, or a written statement attesting that its partnership agreement and all amendments have been filed with the commission in a prior proceeding and referencing the case number of the prior proceeding.	N/A
<i>Requirements for Applications for Authority to Issue Other Evidences of Indebtedness</i>		
KRS 278.300(2)	Application must be made under oath and signed by utility’s president, or a vice president, auditor, comptroller or other executive officer with knowledge of the matters set forth and designated by the utility.	Application at p. 15.
KRS 278.300(3)	The issue or assumption is for some lawful object within the corporate purposes of the utility;	Application at ¶¶ 14-15; Wolfram Direct Test. at pp. 7-8.
	is necessary or appropriate for or consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service; and	Application at ¶¶ 16-23; Wolfram Direct Test. at pp. 8-11.
	is reasonably necessary and appropriate for such purpose.	See Application at ¶¶ 24-25.
KRS 278.020(1)	The additional generation provided under the REPA is needed.	Application at ¶¶ 26-27; Wolfram Direct Test. at pp. 11-12.

	The additional generation provided under the REPA is the least cost reasonable alternative.	Application at ¶¶ 30-31; Wolfram Direct Test. at p. 13; Yetzer Direct Test. at pp. 4-10; Exhibit ZMY-1; Exhibit ZMY-2; Exhibit ZMY-3.
	The additional generation provided under the REPA will not result in wasteful duplication.	Application at ¶¶ 28-29, 32; Wolfram Direct Test. at pp. 12-13.
807 KAR 5:001		
Section 18(1)(a)	The information required by Section 14.	Complied. <i>See supra</i> .
Section 18(1)(b)	General description of Kentucky Power’s property and the field of its operation, along with a statement of the original cost of the same and the cost to Kentucky Power. If it’s impossible to state the original cost, the application must state why it’s impossible.	Application Exhibit 3.
Sections 18(1)(c)	Amount of evidences of indebtedness to be issued, with terms, rate of interest, and if and how to be secured.	<i>See</i> Application at ¶ 44.
Section 18(1)(d)	The use to be made of the proceeds of the issue of securities, notes, bonds, stocks, or other evidence of indebtedness with a statement indicating how much is to be used for the acquisition of property, the construction, completion, extension, or improvement of facilities, the improvement of service, the maintenance of service, and the discharge or refunding of obligations.	Application at ¶ 45; Wolfram Direct Test. at pp. 11-12.
Section 18(1)(e)	The property in detail that is to be acquired, constructed, improved, or extended with its cost, a detailed description of the contemplated construction, completion, extension, or improvement of facilities established in a manner whereby an estimate of the cost may be made, a statement of the character of the improvement of service proposed, and of the reasons why the service should be maintained from its capital.	<i>See</i> Application at ¶ 46.
Section 18(1)(e)	A copy of the relevant contract(s).	<i>See</i> Application at ¶ 44; Exhibit ZMY-4 to the Yetzer Direct Test.

Section 18(1)(f)	If it is proposed to discharge or refund obligations, a statement of the nature and description of the obligations including their par value, the amount for which they were actually sold, the associated expenses, and the application of the proceeds from the sales. If notes are to be refunded, the application shall show the date, amount, time, rate of interest, and payee of each and the purpose for which their proceeds were expended.	N/A
Section 18(1)(g)	If the applicant is a water district, a copy of the applicant's written notification to the state local debt officer regarding the proposed issuance.	N/A
Section 18(2)(a)	Financial exhibit required (<i>see</i> 807 KAR 5:001, Section 12).	Complied. <i>See infra</i> .
Section 18(2)(b)	Copies of trust deeds or mortgages, if applicable, unless they have already been filed with the commission, in which case reference shall be made by case number to the proceeding in which the trust deeds or mortgages have been filed	<i>See Application at ¶ 49.</i>
Section 18(2)(c)	Maps and plans of the proposed property and constructions together with detailed estimates in a form that they can be reviewed by the commission's engineering division. Estimates shall be arranged according to the commission-prescribed uniform system of accounts for the various classes of utilities.	N/A. <i>See Application at ¶ 46.</i>
<i>Financial Exhibit</i>		
Section 12(1)(a)	Financial exhibit must cover operations for a 12 month period ending not more than 90 days prior to the date the application is filed.	Complied. <i>See Application Exhibit 4.</i>
Section 12(2)	The required information in subsection (2) must be included in the order indicated.	
Section 12(2)(a)–(c)	<ul style="list-style-type: none"> • Amount and kinds of stock authorized; • Amount and kinds of stock issued and outstanding; • Terms of preferred stock, cumulative or participating, or on dividends or assets or otherwise; 	Application Exhibit 4, p. 3.

Section 12(2)(d)	A brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name of mortgagee or trustee, amount of indebtedness authorized to be secured, and the amount of indebtedness actually secured, together with sinking fund provisions, if applicable;	Application Exhibit 4, p. 3.
Section 12(2)(e)	The amount of bonds authorized and amount issued, giving the name of the public utility that issued the same, describing each class separately and giving the date of issue, face value, rate of interest, date of maturity, and how secured, together with amount of interest paid during the last fiscal year;	Application Exhibit 4, p. 3.
Section 12(2)(f)	Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid during the last fiscal year;	Application Exhibit 4, p. 3.
Section 12(2)(g)	Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of a portion of the indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid during the last fiscal year;	Application Exhibit 4, p. 3.
Section 12(2)(h)	The rate and amount of dividends paid during the five (5) previous fiscal years, and the amount of capital stock on which dividends were paid each year; and	Application Exhibit 4, p. 3.
Section 12(2)(i)	A detailed income statement and balance sheet.	Application Exhibit 4, pp. 1-2.

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: 316472
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

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 30th day of July, 2024, in the 233rd year of the Commonwealth.



Michael G. Adams

Michael G. Adams
Secretary of State
Commonwealth of Kentucky
316472/0028317

General Description of Kentucky Power's Property

Applicant's property in Kentucky includes the 295 megawatt Big Sandy Plant generating station located in Lawrence County, constructed in conformity with certificates of public convenience and necessity issued by this Commission; transmission lines and all appurtenant facilities; distribution lines; transmission and distribution stations and equipment; office buildings and equipment; storerooms for operation and maintenance materials; data processing equipment; metering equipment; communication equipment and motor vehicles. Applicant also owns an undivided 50% interest in the 1,560 MW Mitchell Plant generating station located in Moundsville, West Virginia, acquired and maintained in conformity with the certificates of public convenience and necessity issued by this Commission. The total original cost of Applicant's property is \$3,628,720,524 as of June 30, 2024, which includes \$872,641 of capital leases and \$1,899,140 of operating leases. The total original cost also includes \$59,558,516 of real property located in Kentucky, consisting of \$17,283,445 of land and \$42,275,071 of land rights.

Kentucky Power Company
Income Statement
As of June 30, 2024

	Jun 2024
REVENUES	
Revenue - Retail Sales	597,067,922
Revenue - Transmission	33,143,546
Revenue - Sales for Resale	14,641,452
Revenue - Other Operating	10,669,701
Provision for Rate Refund	(4,385,932)
Revenue - Power Sales	-
TOTAL OPERATING REVENUES	651,136,689
FUEL EXPENSES	
Total Fuel for Electric Generation	120,479,020
Total Purchased Power	105,942,839
GROSS MARGIN	424,714,830
OPERATING EXPENSES	
Operational Expenses	131,091,034
Maintenance Expenses	63,805,311
Total Maintenance and Operational Expenses	194,896,345
Depreciation and Amortization	111,672,732
Taxes Other Than Income Taxes	28,896,915
TOTAL OPERATING EXPENSES	335,465,991
OPERATING INCOME	89,248,838
NON-OPERATING INCOME / (EXPENSES)	
Total Interest & Dividend Income	236,111
Interest & Dividend Carrying Charge	-
Other Components of Net Periodic Pension	7,187,162
AFUDC	1,684,172
Gain on Disposition of Equity Investments	-
Total Interest Charges	(68,143,908)
INCOME BEFORE INCOME TAXES and EQUITY EARNINGS	30,212,374
INCOME TAXES and EQUITY EARNINGS	
Total Income Taxes	(8,394,464)
Equity Earnings of Subs	-
INCOME AFTER INCOME TAXES and EQUITY EARNINGS	38,606,839
Discontinued Operations (Net of Taxes)	-
Cumulative Effect of Accounting Changes	-
Extraordinary Income / (Expenses)	-
NET INCOME	38,606,839
Minority Interest	-
Preferred Stock Dividend Subs	-
Earnings to Common Shareholders	38,606,839

Kentucky Power Company
Balance Sheet
As of June 30, 2024

	June 2024
ASSETS	
Cash and Cash Equivalents	828,656.95
Other Cash Deposits	39,369.98
Customers	14,953,552.20
Accrued Unbilled Revenues	4,379,681.31
Miscellaneous Accounts Receiv	18,028,851.30
Allowances for Uncollectible Ac	(349.49)
Accounts Receivable	37,361,735.32
Advances to Affiliates	-
Fuel, Materials and Supplies	94,095,857.90
Risk Management Contracts - Current	11,099,455.38
Margin Deposits	6,118,985.64
Unrecovered Fuel - Current	6,811,867.10
Other Current Regulatory Assets	-
Prepayments and Other Current Ass	2,447,042.43
TOTAL CURRENT ASSETS	158,802,970.71
Electric Production	1,263,205,647.64
Electric Transmission	860,880,225.52
Electric Distribution	1,148,776,435.57
General Property, Plant and Equipm	174,605,156.02
Construction Work-in-Progress	175,397,973.51
TOTAL PROPERTY, PLANT and EQUIPME	3,622,865,438.26
less: Accumulated Depreciation and	(1,230,538,718.78)
NET PROPERTY, PLANT and EQUIPMENT	2,392,326,719.48
Net Regulatory Assets	596,289,220.99
Securitized Transition Assets and O	-
Spent Nuclear Fuel and Decommissi	-
Investments in Power and Distributi	-
Goodwill	-
Long-Term Risk Management Assets	140,538.63
Employee Benefits and Pension Ass	25,855,801.77
Other Non Current Assets	39,437,924.89
TOTAL OTHER NON-CURRENT ASSETS	661,723,486.28
TOTAL ASSETS	3,212,853,176.46
LIABILITIES	
Accounts Payable	80,615,935.92
Advances from Affiliates	67,816,420.24
Short-Term Debt	-
Other Current Regulatory Liabilities	-
Long-Term Debt Due Within One Year	215,000,000.00
Long-Term Debt Due Within One Year	-
Risk Management Liabilities	3,161,227.14
Accrued Taxes	40,220,405.14
Memo: Property Taxes	43,972,700.65
Accrued Interest	11,956,039.28
Deposits - Customer and Collateral	38,164,541.76
Over-Recovered Fuel Costs - Current	-
Other Current Liabilities	19,359,797.90
TOTAL CURRENT LIABILITIES	476,294,367.39
Long-Term Debt - Affiliated	25,000,000.00
Long-Term Debt - Non Affiliated	1,060,755,230.61
Long-Term Debt - Premiums and Dis	(626,500.00)
Long-Term Risk Management Liabilit	457,436.91
Deferred Income Taxes	473,983,364.31
Deferred Investment Tax Credits	(0.38)
Regulatory Liabilities and Deferred C	109,089,041.98
Asset Retirement Obligation	85,667,698.28
Nuclear Decommissioning	-
Employee Benefits and Pension Obli	7,948,492.47
Trust Preferred Securities	-
Cumulative Preferred Stocks of Subs	-
Other Non-Current Liabilities	7,527,743.10
TOTAL NON-CURRENT LIABILITIES	1,769,802,507.28
TOTAL LIABILITIES	2,246,096,874.66
Cumulative Pref Stocks of Subs - Not subje	-
Minority Interest - Deferred Credits	-
COMMON SHAREHOLDERS' EQUITY	
Common Stock	50,450,000.00
Paid In Capital	527,602,080.90
Premium on Capital Stock	-
Retained Earnings	388,704,220.91
Accumulated Other Comprehensive	-
TOTAL SHAREHOLDERS' EQUITY	966,756,301.81
TOTAL LIABILITIES AND SHAREHOLDERS	3,212,853,176.47

KENTUCKY POWER COMPANY
FINANCIAL EXHIBIT 4
JUNE 30, 2024

1. Amounts and kinds of stock authorized.

2,000,000 Shares of Common Stock, \$50 par value.

2. Amounts and kinds of stock issued and outstanding.

1,009,000 Shares of Common Stock, \$50 par value, recorded at \$50,450,000.

3. Terms of preference of preferred stock whether cumulative or participating, or on dividends or assets or otherwise.

The Company has no preferred stock authorized or outstanding.

4. Brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of indebtedness actually secured, together with any sinking funds provisions.

None

5. Amount of bonds authorized, and amount issued, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with the amount of interest paid thereon during the last fiscal year.

None

6. Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during the twelve months ending June 30, 2024.

Date of Issue	Date of Maturity	Rate of Interest	Principal Amount as of December 31, 2023	Principal Amount as of June 30, 2024	Interest Expense Ending December 31, 2023	Interest Expense 12 Months Ending June 30, 2024
<u>Senior Notes</u>						
06/13/2003	12/01/2032	5.625%	\$75,000,000	\$75,000,000	\$4,218,750	\$4,218,750
06/18/2009	06/18/2029	8.030%	\$30,000,000	\$30,000,000	\$2,409,000	\$2,409,000
06/18/2009	06/18/2039	8.130%	\$60,000,000	\$60,000,000	\$4,878,000	\$4,878,000
09/30/2014	09/30/2026	4.180%	\$120,000,000	\$120,000,000	\$5,016,000	\$5,016,000
12/30/2014	12/30/2026	4.330%	\$80,000,000	\$80,000,000	\$3,464,000	\$3,464,000
09/12/2017	09/12/2024	3.130%	\$65,000,000	\$65,000,000	\$2,034,500	\$2,034,500
09/12/2017	09/12/2027	3.350%	\$40,000,000	\$40,000,000	\$1,340,000	\$1,340,000
09/12/2017	09/12/2029	3.450%	\$165,000,000	\$165,000,000	\$5,692,500	\$5,692,500
09/12/2017	09/12/2047	4.120%	\$55,000,000	\$55,000,000	\$2,266,000	\$2,266,000
11/10/2023	11/15/2033	7.000%	\$375,000,000	\$375,000,000	\$3,718,750	\$16,770,833
<u>Pollution Control Bonds</u>						
06/13/2023	04/01/2036	4.700%	\$65,000,000	\$65,000,000	\$2,367,625	\$3,055,000
<u>Term Loans</u>						
05/26/2023	06/30/2024	Variable	\$150,000,000	\$150,000,000	\$10,439,622	\$9,529,940
09/06/2022	12/31/2023	Variable	\$0	\$0	\$8,884,022	\$5,394,669
07/22/2022	12/31/2023	Variable	\$0	\$0	\$7,093,166	\$2,983,119
<u>Intercompany Note</u>						
06/13/2023	06/13/2028	5.290%	\$25,000,000	\$25,000,000	\$1,322,500	\$1,322,500

Short Term Borrowings

The Company participates in the AEP System Corporate Borrowing Program.

As of December 31, 2023, the Company had \$49,567,375.95 of Short Term Debt borrowing, the twelve months ended interest expense was \$6,216,794.16 and the Weighted Average Interest Rate was 5.531%.

As of June 30, 2024, the Company had \$67,816,420.24 of Short Term Debt borrowing, the twelve months ended interest expense was \$4,505,949.61 and the Weighted Average Interest Rate was 5.693%.

The Company was in a borrowed position for 363 days in the last twelve months.

Note: Except for one series that was issued as a publicly registered note when Kentucky Power was an SEC registrant, Senior Notes were purchased and held primarily by insurance companies. The Pollution Control Bonds were publicly remarketed in June 2023 and are publicly held. Term loans were advanced by and are owed to a various combination of banks.

Note: The Senior Notes in 2003 were issued in public offerings. The Senior Notes in 2009, 2014, and 2017 were issued in private offerings to qualified institutional investors.

Note: \$150M & \$125M Term loan paid in full November of 2023 with proceeds from \$375M Sr. Note issuance. Although the principle amount outstanding is zero there are still interest expenses being accrued beyond November 2023.

7. Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution of assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the twelve months ending June 30, 2024.

The Company has no other indebtedness.

8. Rate and amount of dividends paid during the five previous calendar years, and the amount of capital stock on which dividends were paid each year:

Year	Common Dividend Amount	Common Shares Outstanding	Dividend per Common Share
2024	\$0	1,009,000	\$0.00
2023	\$0	1,009,000	\$0.00
2022	\$0	1,009,000	\$0.00
2021	\$0	1,009,000	\$0.00
2020	\$0	1,009,000	\$0.00

9. Detailed income statement and balance sheet (see Exhibit 4 pages 1 - 2).

Kentucky Power - Post Allocated Capital Excluding AFUDC
 \$ in Millions

Company	Function	2025 E	2026 E	2027 E	2028 E	2029 E
Kentucky Power Total	Environmental Generation	0.86	1.63	0.81	0.23	0.31
	New Generation	-	-	-	-	-
	Reg Renewables	-	-	-	-	-
	Other Generation	5.30	9.36	6.08	2.90	2.64
	Distribution	77.48	86.97	87.73	91.00	79.41
	Transmission	71.57	64.21	63.83	80.91	94.86
	Corporate/Other	11.32	10.57	12.43	13.24	13.45
Kentucky Power Total		166.53	172.73	170.89	188.27	190.67