

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

Electronic Application Of Kentucky Power Company	)	
For Approval Of (1) A Certificate Of Public	)	
Convenience And Necessity To Make The Capital	)	
Investments Necessary To Continue Taking Capacity	)	
And Energy From The Mitchell Generating Station	)	Case No. 2025-00175
After December 31, 2028, (2) An Amended	)	
Environmental Compliance Plan, (3) Revised	)	
Environmental Surcharge Tariff Sheets, And (4) All	)	
Other Required Approvals And Relief	)	

TESTIMONY OF
TANNER S. WOLFFRAM
ON BEHALF OF KENTUCKY POWER COMPANY
IN SUPPORT OF THE SETTLEMENT AGREEMENT

**SETTLEMENT TESTIMONY OF
TANNER S. WOLFFRAM ON BEHALF OF
KENTUCKY POWER COMPANY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

CASE NO. 2025-00175

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EXHIBITS

<u>EXHIBIT</u>	<u>DESCRIPTION</u>
EXHIBIT TSW-S1	Settlement Agreement
EXHIBIT TSW-S2	Settlement Revenue Requirement and Bill Impacts
EXHIBIT TSW-S3	Redline Tariff E.S.

**SETTLEMENT TESTIMONY OF
TANNER S. WOLFFRAM ON BEHALF OF
KENTUCKY POWER COMPANY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

I. INTRODUCTION

1 **Q. PLEASE STATE YOUR NAME AND POSITION WITH KENTUCKY POWER**
2 **COMPANY.**

3 A. My name is Tanner S. Wolffram and I am the Director, Regulatory Services for Kentucky
4 Power Company (“Kentucky Power” or the “Company”).

5 **Q. DID YOU PREVIOUSLY FILE DIRECT TESTIMONY IN THIS PROCEEDING?**

6 A. Yes.

7 **Q ARE YOU FAMILIAR WITH THE ISSUES PRESENTED IN THIS CASE BY**
8 **THE COMPANY AND THE OTHER PARTIES GRANTED INTERVENTION?**

9 A. Yes.

10 **Q. DID YOU PARTICIPATE IN THE NEGOTIATIONS WHICH LED TO THE**
11 **SETTLEMENT AGREEMENT BEING SUBMITTED FOR CONSIDERATION**
12 **AND APPROVAL BY THE COMMISSION?**

13 A. Yes. I participated in the settlement discussions with the parties that led to the agreement
14 in principle. The Settlement Agreement is attached as Exhibit TSW-S1.

15 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

16 A. In my testimony I explain and support the terms of the Settlement Agreement, as well as
17 demonstrating why the terms of the Settlement Agreement effectuate a prudent
18 investment and produce fair, just, and reasonable rates. The underlying support for the

issues in the case-in-chief is still provided by the Company witnesses sponsoring those issues. My testimony explains the deviations from the Company's as-filed case and summarizes the settlement process leading to those changes.

Q. ARE YOU SPONSORING ANY EXHIBITS?

A. Yes. I am sponsoring the following exhibits:

EXHIBIT	TSW-S1	Settlement Agreement
EXHIBIT	TSW-S2	Settlement Revenue Requirement and Bill Impacts
EXHIBIT	TSW-S3	Redline Tariff E.S

II. THE SETTLEMENT AGREEMENT

Q. BEFORE DISCUSSING THE SPECIFIC TERMS OF THE SETTLEMENT AGREEMENT, PLEASE IDENTIFY THE SIGNATORY PARTIES TO THE AGREEMENT.

A. The settling parties in this case include: Kentucky Power and Kentucky Industrial Utility Customers, Inc. ("KIUC") (the "Signatory Parties").

Q. ARE THERE OTHER PARTIES TO THIS PROCEEDING WHO HAVE COMMITTED NOT TO OPPOSE THE SETTLEMENT AGREEMENT?

A. Yes. The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, ("Attorney General" or "AG") has signed the Settlement Agreement as a non-opposing party.

Q. ARE THERE OTHER PARTIES TO THIS PROCEEDING WHO ARE NOT SIGNATORIES OR NON-OPPOSING PARTIES TO THE SETTLEMENT AGREEMENT?

A. Yes. Sierra Club is not a Signatory Party to the Settlement Agreement.

1 **Q. WERE ALL PARTIES TO THIS PROCEEDING OFFERED THE**
2 **OPPORTUNITY TO PARTICIPATE IN THE NEGOTIATIONS THAT LED TO**
3 **THE EXECUTION OF THE SETTLEMENT AGREEMENT?**

4 A. Yes. Representatives from each Party were invited to participate in Settlement
5 discussions. Each Party received a draft proposal and were offered an opportunity to
6 comment and provide feedback.

7 **Q. DOES THE SETTLEMENT AGREEMENT REPRESENT THE COMPLETE**
8 **SETTLEMENT IN THIS CASE?**

9 A. Yes. There are no agreements or understandings regarding the Company's application
10 that are not reflected in the Settlement Agreement. The agreements and terms in the
11 Settlement Agreement represent the sum total of the give and take of the Signatory
12 Parties. Further, there are no agreements nor understandings with non-signatory parties
13 relating to the subject matter of the Company's application.

14 **Q. DID THE PARTIES TO THIS CASE ACTIVELY LITIGATE THIS MATTER?**

15 A. Yes. In addition to the four sets of data requests propounded by the Commission Staff
16 and answered by Kentucky Power, each of the Parties propounded and the Company
17 answered multiple rounds of data requests. The intervenor parties filed testimony and
18 supplemental testimony, and discovery was taken regarding certain of these witnesses'
19 testimony. The Company also filed supplemental and rebuttal testimony. Thus,
20 Kentucky Power and the parties were fully informed of each other's respective positions
21 while engaging in settlement negotiations.

III. THE TERMS OF THE SETTLEMENT AGREEMENT

Q. PLEASE DESCRIBE THE TERMS OF THE SETTLEMENT AGREEMENT?

A. Except for the modifications described below, the Signatory Parties agreed that Kentucky Power's Application should be approved as filed.

Q. WHAT DOES APPROVAL OF THE COMPANY'S APPLICATION IN THIS CASE INCLUDE?

A. Approval of the Company's application includes granting the following:

- a certificate of public convenience and necessity ("CPCN") authorizing the Company to make the capital investments necessary to continue receiving 50% of the capacity and energy from the Mitchell Plant after December 31, 2028;
- approval to create a regulatory asset and recover through the environmental surcharge the approximately \$20.1 million representing 50% of the capital costs already paid by West Virginia customers for the new FGD biological treatment system with ultrafiltration, and associated supporting equipment installed and placed in service at the Mitchell Plant in August 2024 (the "ELG Project"), as well as carrying charges at the Company's authorized weighted average cost of capital;
- approval to recover through the environmental surcharge approximately \$57.8 million representing 50% of the remaining ELG Project plant balance, including a return at the authorized weighted average cost of capital and utilizing a separate depreciation rate that will depreciate the ELG Project through 2040;
- approval to recover ongoing ELG Project operations and maintenance expense;
- authority to defer the non-environmental annual revenue requirement related to the \$60.4 million of non-ELG capital to a regulatory asset, including depreciation and carrying charges at the Company's authorized weighted average cost of capital until it can be reflected in rates;
- approval of the 2025 Environmental Compliance Plan; and
- approval of the amendment of Tariff E.S. to reflect the 2025 Environmental Compliance Plan and the resulting amended environmental cost recovery surcharge.

Q. WHAT MODIFICATIONS TO THE COMPANY’S APPLICATION ARE INCLUDED IN THE SETTLEMENT AGREEMENT?

A. There are two modifications to the Company’s proposals that are included in the Settlement Agreement. First, the Signatory Parties agreed the regulatory asset comprised of the approximately \$20.1 million that represents 50% of the capital costs already paid by West Virginia customers for the ELG Project will be amortized and recovered through the environmental surcharge through 2040 and not through 2031 as proposed in the Company’s application. The amount recovered through this regulatory asset will include carrying charges at the Company’s authorized weighted average cost of capital.

Second, the Company will, beginning in the first month practicable following an order in this case, recover the remaining Coal Combustion Residuals Rule (“CCR”) Project plant balance through 2040 instead of through 2028 as previously authorized by this Commission by its May 3, 2022 Order in Case No 2021-00004. The Company will utilize a separate depreciation rate that will depreciate the remaining CCR plant balance through 2040. Kentucky Power’s share of the remaining CCR plant balance is estimated to be \$15.5 million as of December 31, 2025.

Q. ARE THESE MODIFICATIONS CONSISTENT WITH THE PROPOSALS INCLUDED IN INTERVENOR TESTIMONY?

A. Yes. The modifications described above are consistent with proposals made in the Direct Testimony of AG-KIUC Witness Lane Kollen.

Q. DID THE COMPANY EVALUATE THE EXPECTED CUSTOMER RATE IMPACTS THAT WOULD RESULT FROM THE SETTLEMENT?

A. Yes. The Company first performed an analysis of the customer rate impacts of its as-filed proposal and provided that analysis with its Application as Exhibit LMK-4 to the Direct Testimony of Lerah M. Kahn. The Company has updated the spreadsheet provided as Exhibit LMK-4 to reflect the modifications to the Company's as-filed proposal that have been agreed to in the Settlement Agreement. This updated calculation is attached as Exhibit TSW-S2. The updated calculation shows that, for the average residential customer using the 1,189 kWh per month, the monthly increase in the customer's total bill will be reduced from \$3.68 (or 2.02%) in the as-filed case, to \$2.33 (or 1.28%) under the terms of the Settlement Agreement.

Q. DOES THE SETTLEMENT AGREEMENT INCLUDE ANY OTHER SUBSTANTIVE PROVISIONS?

A. Yes. The Signatory Parties agreed to make good faith efforts to encourage the passage of securitization legislation to allow Kentucky Power to securitize the ELG and non-ELG costs described in the settlement along with the remaining net book value of the Mitchell Plant. The Signatory Parties agree that such securitization is in the best interests of Kentucky Power's customers and could potentially lower customer bills. Importantly, however, the Settlement Agreement is not contingent upon the legislature ultimately passing such securitization legislation. The Signatory Parties agree that Kentucky Power receiving 50% of the capacity and energy from the Mitchell Plant after December 31, 2028, is the least cost, reasonable alternative regardless of whether the costs are securitized.

**IV. REASONABLENESS OF THE SETTLEMENT AGREEMENT AND THE
PROPOSED RATES**

1 **Q. DOES THE SETTLEMENT AGREEMENT FAIRLY BALANCE THE**
2 **INTERESTS OF THE COMPANY AND ITS CUSTOMERS?**

3 A. Yes. The Settlement Agreement reflects a reasonable compromise to ensure that
4 Kentucky Power is able to continue to serve customers with a substantial amount of
5 capacity and energy after December 31, 2028 in the most cost effective way.

6 **Q. WHAT IS THE BASIS FOR THAT CONCLUSION?**

7 A. The Signatory Parties agree that the Company's proposal to make the investments
8 necessary for Kentucky Power to continue to receive capacity and energy from the
9 Mitchell Plant after December 31, 2028, as modified by this Settlement Agreement,
10 represents the least cost, reasonable alternative for the Company to meet its load
11 requirements in the 2028-2031 time-period and is in the interest of Kentucky Power
12 customers. It also best positions Kentucky Power to have multiple options to provide
13 generation service to its customer post-2031. The analyses performed and explained in
14 both the Direct Testimony and Supplemental Testimony of Alex E. Vaughan make clear
15 that, not only must Kentucky Power take prudent action to ensure the continued supply of
16 capacity and energy to customers after December 31, 2028, but also that making the
17 investment described in this Application, as modified by the Settlement Agreement, is the
18 most reasonable, least-cost option to do so.

1 **Q. DOES THE SETTLEMENT AGREEMENT EFFECTUATE A PRUDENT**
2 **INVESTMENT AND PROVIDE FOR FAIR, JUST, AND REASONABLE RATES?**

3 A. Yes. The Settlement Agreement and the changes to Tariff E.S. and the environmental
4 surcharge effectuate a prudent investment for customers to continue receiving needed
5 capacity and energy from the Mitchell Plant after December 31, 2028, and result in rates
6 that are fair, just, and reasonable.

7 **Q. DOES THE SETTLEMENT AGREEMENT REQUIRE ANY CHANGES TO**
8 **TARIFF E.S.?**

9 A. Yes. The Company is providing an updated Tariff E.S. as Exhibit TSW-S3 that reflects
10 the Settlement Agreement terms described above.

11 **Q. DO YOU HAVE A RECOMMENDATION FOR THE COMMISSION?**

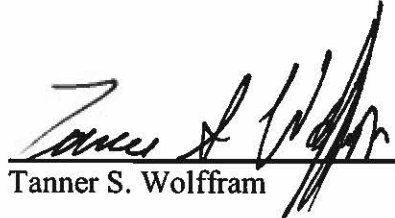
12 A. Yes. The Settlement Agreement should be approved by the Commission without
13 modification.

14 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

15 A. Yes.

VERIFICATION

The undersigned, Tanner S. Wolffram, being duly sworn, deposes and says he is the Directory of Regulatory 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.


Tanner S. Wolffram

Commonwealth of Kentucky)
County of Boyd)

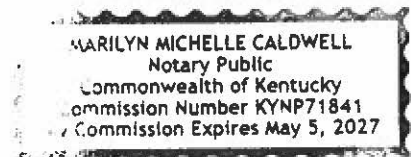
Case No. 2025-00175

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Tanner S. Wolffram, on November 12, 2025.


Notary Public

My Commission Expires May 5, 2027

Notary ID Number KYNP71841



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Convenience And Necessity To Make The Capital	)	
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And Energy From The Mitchell Generating Station	)	Case No. 2025-00175
After December 31, 2028, (2) An Amended	)	
Environmental Compliance Plan, (3) Revised	)	
Environmental Surcharge Tariff Sheets, And (4) All	)	
Other Required Approvals And Relief	)	

SETTLEMENT AGREEMENT

This Settlement Agreement is made and entered into this 12th day of November, 2025, by and among Kentucky Power Company (“Kentucky Power” or “Company”) and Kentucky Industrial Utility Customers, Inc. (“KIUC”). Kentucky Power and KIUC are referred to collectively in this Settlement Agreement as the “Signatory Parties.”

RECITALS

1. On June 30, 2025, Kentucky Power filed in Case No. 2025-00175 an application pursuant to KRS 278.020(1), KRS 278.183, 807 KAR 5:001, Section 14, 807 KAR 5:001, Section 15, 807 KAR 5:011, and all other applicable statutes and regulations, for an order granting: (1) a certificate of public convenience and necessity (“CPCN”) authorizing the Company to make the capital investments necessary to continue receiving 50% of the capacity and energy from the Mitchell Generating Station (“Mitchell Plant”, “Mitchell”, or the “Plant”) after December 31, 2028; (2) approval of its 2025 Environmental Compliance Plan; (3) approval of amendments to its Tariff Environmental Surcharge (“Tariff E.S.”) to reflect its 2025 Environmental Compliance Plan and amended environmental cost recovery surcharge; (4) deferral authority for the approximately

\$20.1 million share of environmental costs that have been charged to West Virginia customers; and (5) all other required approvals and relief (the “Application”).

2. The Company’s application was accepted and deemed filed as of June 30, 2025.

3. The Attorney General, KIUC, and Sierra Club filed motions for full intervention in Case No. 2025-00175. The Commission granted the intervention motions. The Attorney General and KIUC proceeded jointly throughout the pendency of this proceeding and are referred to herein collectively as “AG-KIUC.”

4. The term “ELG Project” refers to the new FGD biological treatment system with ultrafiltration, and associated supporting equipment, such as valves, pumps, piping, and tanks that were installed and placed in service on the Mitchell Generating Plant in August 2024.

5. The Attorney General is not a Signatory Party to, but does not oppose, this Settlement Agreement and will not cross-examine any witnesses during the evidentiary hearing in this case.

6. The Signatory Parties and the Attorney General collectively are referred to in this Settlement Agreement as the “Parties.”

7. Certain of the Parties filed written testimony in this proceeding, raising issues regarding the Company’s Application.

8. The Parties have had a full opportunity for and have engaged in substantial discovery, including the filing of written data requests and responses.

9. The Signatory Parties, representing diverse interests and viewpoints, have reached a complete settlement of all issues raised in this proceeding and have executed this Settlement Agreement for purposes of documenting and submitting their agreement to the Commission for approval. The Signatory Parties agree that this Settlement Agreement provides for fair, just, and

reasonable rates. It is the intent and purpose of the Signatory Parties to express their agreement on a mutually satisfactory resolution of all issues in this proceeding.

10. The Signatory Parties understand that this Settlement Agreement is not binding upon the Commission but believe it is entitled to careful consideration by the Commission. The Signatory Parties agree that this Settlement Agreement, viewed in its entirety, constitutes a reasonable resolution of all issues in this proceeding.

11. The Signatory Parties agree that conditions for a utility to obtain energy and capacity have changed significantly since the Company's application to construct the ELG Project was filed in 2021, and that making the investments agreed to herein in order to continue receiving energy and capacity from the Mitchell Plant is the least cost, reasonable alternative to meet the Company's load requirements for at least the 2028-2031 time period. This also enables the Company to have multiple options to continue serving its customers with Mitchell's capacity and energy past 2031 that would otherwise not be available absent granting the CPCN..

12. The Signatory Parties request that the Commission issue an Order approving this Settlement Agreement in its entirety pursuant to KRS 278.020, KRS 278.180, KRS 278.190, KRS 278.183, and KRS 278.220, including the rates and tariffs as described herein. This request is based upon the belief that the Parties' participation in settlement negotiations and the materials on file with the Commission adequately support this Settlement Agreement. Adoption of this Settlement Agreement in its entirety will lessen the need for the Commission and the Parties to expend significant resources in litigation of this proceeding and will eliminate the possibility of, and any need for, rehearing or appeals of the Commission's final Order herein.

NOW, THEREFORE, for and in consideration of the mutual promises, agreements, and covenants set forth herein, the Signatory Parties hereby agree as follows:

AGREEMENT

1. Kentucky Power's Application. Except as modified in this Settlement Agreement, Kentucky Power's Application is approved as filed, including, but not limited to:

A. Granting a CPCN authorizing the Company to make the capital investments necessary to continue receiving 50% of the capacity and energy from the Mitchell Plant after December 31, 2028, including:

(i) Approval to create a regulatory asset and recover through the environmental surcharge the approximately \$20.1 million representing 50% of the capital costs already paid by West Virginia customers for the ELG Project, as well as carrying charges at the Company's authorized weighted average cost of capital;

(ii) Approval to recover through the environmental surcharge the approximately \$57.8 million representing 50% of the remaining ELG Project plant balance, including a return at the authorized weighted average cost of capital. As proposed in the Company's Application, the Company will utilize a separate depreciation rate that will depreciate the ELG Project through 2040;

(iii) Approval to recover ongoing ELG Project operations and maintenance expense; and

(iv) Authority to defer the non-environmental annual revenue requirement related to the \$60.4 million of non-ELG capital to a regulatory asset, including depreciation and carrying charges at the Company's authorized weighted average cost of capital until it can be reflected in rates.

B. Approving the 2025 Environmental Compliance Plan; and

C. Approving the amendment of Tariff E.S. to reflect the 2025 Environmental Compliance Plan and the resulting amended environmental cost recovery surcharge.

2. Modifications to Kentucky Power's Application. The Signatory Parties agree to the following modifications to Kentucky Power's Application:

A. On a bills rendered basis beginning billing cycle 1 in the first month practicable following an order approving this settlement without modification, the Company will amortize and collect through 2040, the approximately \$20.1 million representing the 50% of the costs already paid by West Virginia customers for the ELG Project, including carrying charges at the Company's authorized weighted average cost of capital.

B. On a bills rendered basis beginning billing cycle 1 in the first month practicable following an order in this case, the remaining Coal Combustion Residuals Rule ("CCR") Project plant balance, estimated to be \$15.5 million as of December 31, 2025, will be depreciated through 2040 instead of through 2028 as previously authorized by this Commission in Case No 2021-00004. The Company will utilize a separate depreciation rate that will depreciate the remaining CCR plant balance through 2040.

3. Filing of Settlement Agreement; Request for Approval Within Statutory Period.

A. Following the execution of this Settlement Agreement, the Signatory Parties shall file this Settlement Agreement with the Commission along with a joint request to the Commission for consideration and approval of this Settlement Agreement within the statutory period relating to applications concerning environmental compliance plans and the environmental surcharge set forth in KRS 278.183 (no later than December 30, 2025) (the "Statutory Period").

B. The Signatory Parties respectfully request prompt Commission approval of this Settlement Agreement without modification within the Statutory Period.

4. Good Faith and Best Efforts to Seek Approval.

A. This Settlement Agreement is subject to approval by the Public Service Commission of Kentucky.

B. The Signatory Parties 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 AG-KIUC filed testimony in this case. Kentucky Power also filed testimony in support of the Settlement Agreement. For purposes of any hearing, the Signatory Parties agree to 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 prior to the hearing in this case set to begin on November 18, 2025.

D. The Signatory Parties further agree to support the reasonableness and enforceability of this Settlement Agreement before the Commission and not take positions adverse to the Settlement Agreement, 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.

5. Failure of Commission to Approve Settlement Agreement. If the Commission does not accept and approve this Settlement Agreement in its entirety and without modification, then any adversely affected Signatory Party may withdraw from the Settlement Agreement within the statutory periods provided for rehearing and appeal of the Commission's order by (1) giving written 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 rehearings and appeals, all Signatory Parties that have not withdrawn will continue to be bound by the terms of the Settlement Agreement as modified by the Commission's order.

6. Securitization Legislation. The Signatory Parties agree that securitizing the ELG and non-ELG cost described in this settlement along with the remaining net book value of the Mitchell Plant and continuing to operate the Plant after securitization is in the best interests of Kentucky Power's customers and could potentially lower customer bill impacts. The Signatory Parties therefore agree to make good faith efforts to encourage the passing of such new securitization legislation. However, the terms of the Settlement Agreement are not contingent upon the legislature ultimately passing securitization legislation because Kentucky Power receiving 50% of the capacity and energy from the Mitchell Plant after December 31, 2028, is the least cost, reasonable alternative regardless of whether the costs are securitized.

7. 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.

8. 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.

9. Complete Agreement. This Settlement Agreement constitutes the complete agreement and understanding among the parties to this Settlement Agreement. Any and all 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.

10. 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, the Signatory Parties 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.

11. Settlement Agreement and Negotiations Are Not an Admission.

A. The 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 fully represents the objectives of the Signatory Parties or any individual Signatory Party.

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, binding on any of the Signatory Parties, or construed against any of the Signatory Parties, **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.

12. Consultation with Counsel. The Signatory Parties 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.

13. Authority to Bind. Each of the individuals signing this Settlement Agreement on behalf of a Party hereby warrant they are authorized to sign this agreement upon behalf of, and bind, their respective parties.

14. Construction of Agreement. This Settlement Agreement is a product of negotiation among all Signatory Parties, 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, except when necessary to support the enforceability of the commitments made in this Settlement Agreement.

15. Counterparts. This Settlement Agreement may be executed in multiple counterparts.

IN WITNESS WHEREOF, this Settlement Agreement has been agreed to by and between the following Signatory Parties as of this 12th day of November 2025.

KENTUCKY POWER COMPANY

KENTUCKY INDUSTRIAL UTILITY
CUSTOMERS, INC.

By: Kelly A. [Signature]

By: Michael P. [Signature]

Its: counsel

Its: lawyer

NON-OPPOSING:

ATTORNEY GENERAL OF THE
COMMONWEALTH OF KENTUCKY

By: John A. Hane II

Its: Executive Director
Office of Rate Intervention

Tariff E.S.
(Environmental Surcharge)

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., 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 environmental surcharge shall provide for monthly adjustments based on a percent of revenues, equal to the difference between the environmental compliance costs in the base period as provided in Paragraph 2 below and in the current period as provided in Paragraph 3 below.

The retail share of the revenue requirement will be allocated between residential and non-residential retail customers based upon their respective total revenues during the previous calendar year. The Environmental Surcharge will be implemented as a percentage of total revenues for the residential class and as a percentage of non-fuel revenues for all other customers.

The revenues to which the residential Environmental Surcharge factor are applied is the sum of the customer's Service Charge, Energy Charge(s), Fuel Adjustment Clause, System Sales Clause, Demand-Side Management Adjustment Clause, Federal Tax Cut, Residential Energy Assistance, and Purchase Power Adjustment.

The revenues to which the all other customer Environmental Surcharge factor are applied is the sum of the customer's Service Charge, Demand Charge, Energy Charge(s) less Base Fuel, Minimum Charge, Reactive Charge, System Sales Clause, Demand-Side Management Adjustment Clause, Federal Tax Cut, Kentucky Economic Development Surcharge, and Purchase Power Adjustment.

1. Monthly Environmental Surcharge Gross Revenue Requirement, E(m)

$$\begin{array}{llll} \text{Where:} & E(m) & = & \text{CRR-BRR} \\ & \text{CRR} & = & \text{Current Period Revenue Requirement for the Expense} \\ & \text{BRR} & = & \text{Base Period Revenue Requirement.} \end{array}$$

2. Base Period Revenue Requirement, BRR

BRR = The Following Monthly Amounts:

Billing Month	Base Net Environmental Costs
January	\$ 3,022,418
February	2,558,332
March	2,621,611
April	2,519,828
May	2,514,284
June	2,644,974
July	2,594,563
August	2,741,097
September	2,508,995
October	2,376,639
November	2,423,992
December	\$ 2,597,739
	\$ 31,124,472

In accordance with the Stipulation and Settlement Agreement approved by the Commission by its Order dated October 7, 2013 in Case No. 2012-00578, the Mitchell FGD and all related associated costs are not included in base rates or the Base Revenue Requirement but will be included in the Current Period Revenue Requirement. The Mitchell FGD will be excluded from Base Rates at least until June 30, 2020.

Continued on Sheet 32-2

DATE OF ISSUE: February 8, 2024
DATE EFFECTIVE: Services Rendered On And After January 16, 2024
ISSUED BY: /s/ Brian K. West
TITLE: Vice President, Regulatory & Finance
By Authority of an Order of the Public Service Commission
In Case No.: 2023-00159 Dated January 19, 2024

**Tariff E.S. Continued
(Environmental Surcharge)**

3. Current Period Revenue Requirement, CRR

$$CRR = [((RB_{KP(c)}) (ROR_{KP(c)}) / 12) + OE_{KP(c)} - AS]$$

Where:

- $RB_{KP(c)}$ = Environmental Compliance Rate Base for Mitchell.
- $ROR_{KP(c)}$ = Annual Rate of Return on Mitchell Environmental Compliance Rate Base;
Annual Rate divided by 12 to restate to a Monthly Rate of Return.
- $OE_{KP(c)}$ = Monthly Pollution Control Operating Expenses for Mitchell.
- AS = Net proceeds from the sale of Title IV and CSAPR SO 2 emission allowances, ERCs,
and NOx emission allowances, reflected in the month of receipt.

“KP(C)” identifies components from Mitchell Units – Current Period.

The Environmental Compliance Rate Base for Kentucky Power reflects the current cost associated with the 1997 Plan, the 2003 Plan, the 2005 Plan, the 2007 Plan, the 2015 Plan, the 2017 Plan, the 2019 Plan, ~~and the 2021 Plan,~~ and the 2025 Plan. The Environmental Compliance Rate Base for Kentucky Power should also include construction work in progress until assets are placed in service and cash working capital allowance based on the net operations and maintenance expense lead days of 53.92 authorized in Case No. 2023-00159. The Operating Expenses for Kentucky Power reflects the current operating expenses associated with the 1997 Plan, the 2003 Plan, the 2005 Plan, the 2007 Plan, the 2015 Plan, the 2017 Plan, the 2019 Plan, ~~and the 2021 Plan,~~ and the 2025 Plan.

The Rate of Return for Kentucky Power is 9.65% rate of return on equity as authorized by the Commission in its Order Dated January 19, 2024, Case No. 2023-00159.

Net Proceeds from the sale of emission allowances and ERCs that reflect net gains will be a reduction to the Current Period Revenue Requirement, while net losses will be an increase.

The Current Period Revenue Requirement will reflect the balances and expenses as of the Expense Month of the filing.

Continued on Sheet 32-3

DATE OF ISSUE: ~~February 8, 2024~~ XXXX XX, XXXX
DATE EFFECTIVE: ~~Services Rendered On And After January 16, 2024~~ Bills Rendered On And After XXXX XX, XXXX
ISSUED BY: ~~/s/ Brian K. West~~ Tanner S. Wolfram
TITLE: ~~Vice President, Regulatory & Finance~~ Director, Regulatory Services
By Authority of an Order of the Public Service Commission
In Case No.: 2025-00175 2023-00159 Dated XXXX XX, XXXX January 19, 2024

Tariff E.S. Continued (Environmental Surcharge)

4. Revenue Allocation

$$\text{Residential Allocation RA(m)} = \frac{\text{KY Residential Retail Revenue RR(b)}}{\text{KY Retail Revenue R(b)}}$$

$$\text{All Other Allocation OA(m)} = \frac{\text{KY All Other Classes Retail Revenue OR(b)}}{\text{KY Retail Revenue R(b)}}$$

Where:

(m) = the expense month.
(b) = the most recent calendar year revenues

5. Environmental Surcharge Factor

$$\text{Residential Monthly Environmental Surcharge Factor} = \frac{\text{Net KY Retail E(m)} * \text{RA(m)}}{\text{KY RR(m)}}$$

$$\text{All Other Monthly Environmental Surcharge Factor} = \frac{\text{Net KY Retail E(m)} * \text{AO(m)}}{\text{KY OR(m)- KY OF(m)}}$$

Where:

Net KY Retail E(m) = Monthly E(m) allocated to Kentucky Retail Customers, net of Over/(Under) Recovery Adjustment; Allocation based on Percentage of Kentucky Retail Revenues to Total Company Revenues in the Expense Month.

(For purposes of this formula, Total Company Revenues do not include Non-Physical Revenues.)

RR(m) = Average Kentucky Residential Retail Revenues for the Preceding Twelve Month Period

OR(m) = Average Kentucky All Other Classes Retail Revenues for the Preceding Twelve Month Period

OF(m) = Average Kentucky All Other Classes Fuel Revenues for the Preceding Twelve Month Period.

Continued on Sheet 32-4

DATE OF ISSUE: February 8, 2024
DATE EFFECTIVE: Services Rendered On And After January 16, 2024
ISSUED BY: /s/ Brian K. West
TITLE: Vice President, Regulatory & Finance
By Authority of an Order of the Public Service Commission
In Case No.: 2023-00159 Dated January 19, 2024

Tariff E.S. Continued (Environmental Surcharge)

6. Environmental costs "E" shall be the Company's costs of compliance with the Clean Air Act and those environmental requirements that apply to coal combustion wastes and by-products, as follows:

Total Company:

- return on Title IV and CSAPR SO₂ allowance inventory
- over/under recovery balances between the actual costs incurred less the amount collected through the environmental surcharge
- costs associated with any Commission's consultant approved by the Commission
- costs associated with the consumption of Title IV and CSAPR SO₂ allowances
- costs associated with the consumption of NO_x allowances
- return on NO_x allowance inventory
- costs associated with maintaining approved pollution control equipment including material and contract labor (excluding plant labor)
- costs associated with consumables used in conjunction with approved environmental projects.
- return on inventories of consumables used in conjunction with approved environmental projects.
- ~~return on environmental compliance rate base including construction work in progress.~~
- ~~return on the ELG regulatory asset for costs borne by Wheeling Power through XXXX XXXX.~~
- ~~monthly expense to amortize the ELG regulatory asset for costs borne by Wheeling Power to begin with XXXX XXXX and conclude with December 2040 billing.~~
- ~~Monthly expense to amortize the \$1,446,998.35 regulatory asset for prudently incurred ELG (Effluent Limitation Guidelines) project costs over a two-year period to begin with July 2022 billing and conclude with June 2024 billing.~~

The Company's share of costs associated with the following environmental equipment at the Mitchell Plant:

- Mitchell Unit Nos 1 and 2 Water Injection, Low NO_x burners, Low NO_x burner Modification, SCR, FGD, Landfill, Coal Blending Facilities and SO₃ Mitigation
- Mitchell Plant Common CEMS, Replace Burner Barrier Valves and Gypsum Material Handling Facilities
- Air Emission Fees
- Precipitator Modifications and Upgrades
- Coal Combustion Waste Landfill
- Bottom Ash and Fly Ash Handling
- Mercury Monitoring (MATS)
- Dry Fly Ash Handling Conversion
- ~~Wastewater Ponds (for the Mitchell CCR compliance project) with depreciation expense calculated using a 20 percent depreciation rate approved by the Commission's July 15, 2021 and May 3, 2022 Orders in Case No. 2021-00004 until XXXX, thereafter with an annual depreciation expense that is 1/15th of the net plant approved by the Commission's XXXX Order in Case No. 2025-00175. The calculated depreciation rate used by Kentucky Power will divide the annual depreciation expense by the original cost of plant transferred.~~
- ~~Water Biological Treatment System with Ultrafiltration (for the ELG compliance project) with an annual depreciation expense that is 1/15th of the net plant transferred to Kentucky Power. The calculated depreciation rate used by Kentucky Power will divide the annual depreciation expense by the original cost of plant transferred.~~

7. The monthly environmental surcharge shall be filed with the Commission ten (10) days before it is scheduled to go into effect, 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.

DATE OF ISSUE: ~~February 8, 2024~~ XXXX XX, XXXX
DATE EFFECTIVE: ~~Bills Rendered On And After XXXX XX, XXXX~~ Services Rendered On And After January 16, 2024
ISSUED BY: ~~/s/ Tanner S. Wolfram~~ Brian K. West
TITLE: ~~Director, Regulatory Services~~ Vice President, Regulatory & Finance
By Authority of an Order of the Public Service Commission
In Case No.: ~~2023-00159-2025-00175~~ Dated XXXX XX, XXXX January 19, 2024