

**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 : **Case No. 2025-00257**
Service; (2) Approval Of Tariffs And Riders; (3) Approval Of :
Certain Regulatory And Accounting Treatments; and (4) All :
Other Required Approvals And Relief. :

**REPLY BRIEF OF
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.**

Kentucky Industrial Utility Customers, Inc. (“KIUC”) submits this Reply Brief in response to the Initial Briefs filed by parties to this case. While those Briefs reflect a wide divergence of opinion as to how the Commission should address Kentucky Power’s rate request, KIUC continues to recommend that the Commission adopt the January 9, 2026 Settlement filed by Kentucky Power Company (“Kentucky Power” or “Company”) without modification. As explained in the Briefs of KIUC, Kentucky Power, and the Kentucky Solar Energy Industries Association, Inc., the Settlement package results in fair, just, and reasonable rates for customers.

From a monetary perspective, the Settlement combines a reduced revenue requirement that adopts almost all of the intervenor witness recommendations on those issues; *plus* a phased-in rate increase through the use of DTL Rider credits; *plus* the possibility of rate reductions due to securitization; *plus* the possibility of new large load additions, including data centers that could help reduce rates for existing customers.¹ And from a non-monetary perspective, the Settlement helps to facilitate the development of distributed generation sources in Kentucky Power’s service territory.²

¹ Settlement at 3-10; Ex. TSW-S1 at 21.

² Settlement at 11-13.

Further, the Settlement provision requiring that Industrial General Service (“IGS”) tariff energy rates recover only variable costs is consistent with the fundamental ratemaking principle of cost causation.³ That rate design provision is supported by the record, has no impact on other rate schedules, and is revenue-neutral to the Company.⁴ No party contested that provision in their Initial Brief, in testimony, or at the hearing. Accordingly, even if the Commission alters some component of the Settlement, the IGS rate design provision should be adopted as proposed.

Respectfully submitted,

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³ Settlement at 8.

⁴ Wellborn Direct Testimony at 19-24.