

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

In the Matter of:

Electronic Application Of Kentucky Power Company)	
For An Order Approving Accounting Practices To)	
Establish A Regulatory Asset Related To The)	
Extraordinary Expenses Incurred By Kentucky Power)	Case No. 2025-00291
Company In Connection With Several Severe Storms)	
From February Through May 2025)	

VERIFIED APPLICATION

Kentucky Power Company (“Kentucky Power” or the “Company”) applies to the Public Service Commission of Kentucky (“Commission”) pursuant to KRS 278.030, KRS 278.040, and KRS 278.220 for an Order **to be issued on or before October 31, 2025**, permitting the Company to accumulate and defer for review and recovery in a subsequent proceeding before the Commission those extraordinary and incremental net operations and maintenance expenses the Company incurred in connection with several severe storms that occurred in February through May 2025 in Kentucky Power’s service territory. In support of this Application, the Company states:

Applicant

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

¹ A certified copy of the Company’s Articles of Incorporation and all amendments thereto was attached to the Joint Application in *In the Matter Of: The Joint Application Of Kentucky Power Company, American Electric Power Company, Inc. And Central And South West Corporation Regarding A Proposed Merger*, P.S.C. Case No. 99-149. The Company’s September 3, 2025 Certificate of Existence is attached as **EXHIBIT 1**.

2. Kentucky Power is engaged in the generation, purchase, transmission, distribution, and sale of electricity to Kentucky consumers. The Company serves approximately 162,000 retail customers in the following 20 counties of eastern Kentucky: Boyd, Breathitt, Carter, Clay, Elliott, Floyd, Greenup, Johnson, Knott, Lawrence, Leslie, Letcher, Lewis, Magoffin, Martin, Morgan, Owsley, Perry, Pike, and Rowan.

3. Kentucky Power is a wholly-owned subsidiary of American Electric Power Company, Inc.

Introduction and Need for an Order on or Before October 31, 2025

4. Kentucky Power respectfully requests that the Commission issue an order on this Application on or before October 31, 2025 approving deferral of approximately \$2.0 million in costs related to restoration of service in response to certain severe storms in the Company's service territory during February through May 2025. Kentucky Power has previously requested authority to defer certain significant storm costs, and the Commission has granted those requests. Approval of the deferral requested in this Application is as crucial to Kentucky Power's financial condition as the storm deferrals that Kentucky Power previously has requested.²

5. Under IEEE Standard 1366, a Major Event is one that exceeds reasonable design or operational limits of the electric power system. IEEE Standard 1366 statistically defines a "Major Event Day" as any day in which the system's System Average Interruption Duration Index ("SAIDI") exceeds the threshold value referred to as "Tmed." The Tmed threshold is established at the end of each reporting period (typically a single calendar year) using data from the previous five years and is calculated by taking the average of the natural logarithm of each daily SAIDI during the previous five-year period. The standard deviation of the five-year data set is then

² See n. 15.

determined and the threshold value of Tmed is set at 2.5 standard deviations. The Tmed calculation results in a threshold value measured in customer minutes of interruption (“CMI”). CMI reflects the aggregate minutes of service interruption across all affected customers. Any day in the subsequent reporting period that exceeds the Tmed threshold value is classified as a Major Event Day.

6. Kentucky Power’s Tmed threshold value for 2025 is 4,467,511 CMI.

7. As explained more fully below, on February 11, 2025, March 31, 2025, April 3-4, 2025, May 1-3, 2025, and May 20-21, 2025, Kentucky Power’s service territory experienced severe storms (the “Severe Storms”). Despite not resulting in interruptions that exceeded the 2025 Tmed threshold value for Major Event Days, these Severe Storms resulted in the Company incurring significant, extraordinary, and non-recurring charges to restore service to customers.

8. The level of storm expense included in Kentucky Power’s current base rates totals \$1.1 million, as approved in the Commission’s January 19, 2024 Order in Case No. 2023-00159.³

9. In most instances, the Commission requires a jurisdictional utility to obtain Commission approval before recording as a regulatory asset on the utility’s books for accounting purposes an expense that qualifies for establishment as a regulatory asset.⁴

10. Kentucky Power previously sought deferrals for the Major Event storms listed in Table 1 below. The Commission granted the Company’s request to defer costs incurred in

³ See Order at 33-35; Appendix B, p. 2, Accepted Adjustment No. 16, *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 (Ky. P.S.C. Jan. 19, 2024).

⁴ See Order, *Application Of Kentucky Power Company For An Order Approving Accounting Practices To Establish Regulatory Assets And Liabilities Related To The Extraordinary Expenses Incurred By Kentucky Power Company In Connection With The Two 2015 Major Storm Events*, Case No. 2016-00180, at 1 (Ky. P.S.C. Dec. 12, 2016) (“2016 Storm Order”).

connection with the January 5, 2025, and February 15, 2025, Major Event Storms. The Company's request to defer costs incurred in connection with the May 16-17, 2025 Major Event Storm remains pending in Case No. 2025-00264. The Company now seeks via this Application authority to defer the costs resulting from the Severe Storms also listed in Table 1 below.

11. The Company's best estimates at the time of this filing indicate that the total costs associated with the Severe Storms in February through May 2025 could total approximately \$2.0 million.

TABLE 1

Type	Date	Total Cost	Jurisdictional Incremental O&M ⁵
Major Event Storms	Jan. 5, 2025	\$6,896,941	\$4,374,497 ⁶
	Feb. 15, 2025 – Dist.	\$8,083,830	\$4,773,671 ⁶
	Feb. 15, 2025 – Trans.	\$259,918	\$187,566 ⁶
	May 16-17, 2025	\$5,068,278	\$3,070,915 ⁷
		\$20,308,967	\$12,219,083
Severe Storms	Feb. 11, 2025	\$801,892	\$445,646
	Mar. 31, 2025	\$1,647,685	\$954,885
	Apr. 3-4, 2025	\$758,547	\$409,711
	May 1-3, 2025	\$170,301	\$77,261
	May 20-21, 2025	\$224,590	\$132,111
		\$3,603,015	\$2,019,614
Total		\$23,911,982	\$14,426,263

⁵ Costs incremental to those currently in base rates and that would not have been incurred but for the storms. See **EXHIBIT 2** for a breakdown of each event.

⁶ See Order, *Electronic Application of Kentucky Power Company For An Order Approving Accounting Practices To Establish A Regulatory Asset Related To The Extraordinary Expenses Incurred By Kentucky Power Company In Connection With The January 5, 2025 and February 15, 2025 Major Event Storms*, Case No. 2025-00031 (Ky. P.S.C. Mar. 31, 2025) (“2025 Storm Order”).

⁷ See *In The Matter Of: Electronic Application Of Kentucky Power Company For An Order Approving Accounting Practices To Establish A Regulatory Asset Related To The Extraordinary Expenses Incurred By Kentucky Power Company In Connection With The May 2025 Major Event Storms*, Case No. 2025-00264.

12. The importance and need to defer these costs in calendar year 2025 is exacerbated by the effects of the Commission's Order in Case No. 2025-00031. In that proceeding, the Commission determined that the Company should only be permitted to defer the amount of jurisdictional incremental storm-related O&M expense to the extent it exceeded the \$1.1 million of storm expense in the Company's base rates.⁸ Thus, any and all storm costs incurred in 2025 have been incremental to the amount of storm expense in base rates. The costs resulting from the Severe Storms that have been incurred, but that are not being collected through base rates, are materially impacting the Company's financial condition.

13. Had the Company been permitted to defer the entirety of the costs associated with the January 5, 2025 and February 15, 2025 Major Event Storms, a large portion of the costs sought to be deferred in this Application would have been recovered through base rates, and there would have been a lesser effect on the Company's financial condition.

14. The Company's deferral request in this proceeding is limited to the total incremental O&M expense associated with the February 11, 2025, March 31, 2025, April 3, 2025, May 1, 2025, and May 20, 2025 Severe Storms set forth in Table 1 and supported by Exhibit 2.

15. The magnitude of the storm costs and the significant cumulative effect of the storm costs on Kentucky Power's financial statements, prepared in accordance with generally accepted accounting principles (GAAP), drives the Company's request for a ruling on this Application on or before October 31, 2025. Thereafter, the Company can book the requested regulatory asset as soon as practicable.

⁸ See 2025 Storm Order.

Kentucky Power's Transmission and Distribution Facilities

16. As of August 29, 2025, Kentucky Power owns approximately 1,270 circuit miles of transmission lines. Kentucky Power's transmission system is designed and constructed to meet heavy loading criteria. The transmission system comprises approximately 2,403 metal structures and 4,380 wooden structures.

17. The Company also owns approximately 10,156 circuit miles of distribution lines as of August 29, 2025. Of these, approximately 187 circuit miles are underground. Kentucky Power's distribution system is designed and constructed to meet the industry-accepted medium loading criteria.

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

The Severe Storms

February 11, 2025 Snowstorm

19. On Tuesday, February 11, 2025, at 6:00a.m., heavy snow caused an outage incident in Kentucky Power's service territory, which resulted in damage to Company facilities and caused customer power outages.

20. At the peak of the power outage event, approximately 1,680 customers were without electric service.

21. The CMI for this severe snowstorm event was 585,397 minutes.

22. The following reflects a summary of the total customers interrupted across the system as the storm and the Company's response thereto progressed:

2/11/2025 8:00 a.m., approximately 1,680 customers interrupted.
2/11/2025 12:00 p.m., approximately 1,146 customers interrupted.
2/11/2025 4:00 p.m., approximately 243 customers interrupted.

23. Kentucky Power personnel and business partners immediately responded to the power outage incident and began restoration efforts in a safe and timely manner. In some instances, restoration efforts were delayed due to slick road conditions and heavy snowfall throughout the morning and early afternoon, which caused additional power outages. As snow transitioned to heavy rain, flooding created further challenges, preventing crews from accessing some remote locations.

24. Outside resources were brought in to assist with restoration efforts. The Company's preliminary records indicate that approximately 715 internal and contract employees participated in the restoration efforts. This includes mutual assistance personnel from Kentucky and North Carolina.

25. Preliminary records indicate the following damage to Company equipment: 6 transformers, 10 broken poles, 14 sets of cross arms, and 59 spans of conductor.

26. All Kentucky Power customers' service was restored by 5:40 a.m. on February 12, 2025.

March 31, 2025 Flood/Severe Thunderstorm

27. On Monday, March 31, 2025, at 2:11 a.m., a power outage incident occurred after severe thunderstorms swept through Kentucky Power's service territory, causing damage and widespread power outages in the Hazard and Pikeville districts. The National Weather Service reported winds reaching 54 mph in Dorton, Kentucky in Pike County.

28. At the peak of the power outage event, approximately 4,994 customers were without electric service.

29. The CMI for this severe flood/severe thunderstorm event was 2,468,584 minutes.

30. The following reflects a summary of the total customers interrupted across the system as the storm and the Company's response thereto progressed:

3/31/2025 2:00 a.m., approximately 3,718 customers interrupted.
3/31/2025 4:00 a.m., approximately 4,994 customers interrupted.
3/31/2025 6:00 a.m., approximately 3,632 customers interrupted.
3/31/2025 8:00 a.m., approximately 4,233 customers interrupted.
3/31/2025 12:00 p.m., approximately 1,673 customers interrupted.
3/31/2025 4:00 p.m., approximately 1,247 customers interrupted.
3/31/2025 8:00 p.m., approximately 189 customers interrupted.

31. Kentucky Power personnel and business partners immediately responded to the power outage incident and initiated restoration efforts in a safe and efficient manner. However, these efforts were hindered by additional outages caused by ongoing storms throughout the early morning, impacting remote locations and other areas.

32. Outside resources were brought in to assist with restoration efforts. The Company's preliminary records indicate approximately 318 internal and contract employees participated in the restoration efforts. This includes mutual assistance personnel from West Virginia and Virginia.

33. Preliminary records indicate the following damage to Company equipment: 4 transformers, 11 broken poles, 18 sets of cross arms, and 72 spans of conductor.

34. All Kentucky Power customers' service was restored by 1:50 p.m. on April 1, 2025.

April 3-4, 2025 Severe Thunderstorm

35. On Friday, April 3, 2025, at 4:00 a.m., severe thunderstorms swept through Kentucky Power's service territory causing damage to Company facilities and resulting in customer power outages. This event continued into April 4, 2025.

36. At the peak of the event, approximately 1,825 customers were without electric service.

37. The CMI for this severe thunderstorm event was 1,681,808 minutes.

38. The following reflects a summary of the total customers interrupted across the system as the storm and the Company's response thereto progressed:

4/03/2025 5:00 a.m., approximately 1,689 customers interrupted.
4/03/2025 8:00 a.m., approximately 962 customers interrupted.
4/03/2025 12:00 p.m., approximately 546 customers interrupted.
4/03/2025 9:00 p.m., approximately 1,825 customers interrupted.
4/04/2025 12:00 a.m., approximately 473 customers interrupted.
4/04/2025 8:00 a.m., approximately 815 customers interrupted.
4/04/2025 10:00 a.m., approximately 1,580 customers interrupted.
4/04/2025 12:00 p.m., approximately 857 customers interrupted.
4/04/2025 2:00 p.m., approximately 1,016 customers interrupted.
4/04/2025 4:00 p.m., approximately 649 customers interrupted.
4/04/2025 6:00 p.m., approximately 1,025 customers interrupted.
4/04/2025 8:00 p.m., approximately 649 customers interrupted.
4/04/2025 11:00 p.m., approximately 368 customers interrupted.

39. Kentucky Power Company personnel and business partners immediately responded to the incident and began restoration efforts to restore customers' electricity in a safe and timely manner. However, these efforts were hindered by additional outages caused by ongoing storms throughout the day, leading to intense flooding in remote locations and other areas.

40. The Company's preliminary records indicate approximately 443 internal and contract employees participated in the restoration efforts.

41. Preliminary records indicate the following damage to Company equipment: 7 transformers, 7 sets of cross arms, 15 broken poles and 117 spans of conductor.

42. All Kentucky Power customers' service was restored by 4:30 p.m. on April 5, 2025.
May 1-3, 2025 Severe Thunderstorms

43. On May 1, 2025 at 6:00 p.m., an outage incident occurred after thunderstorms from a stalled weather front impacted Kentucky Power's service territory causing damage to Company facilities and resulting in customer power outages.

44. At the peak of the event, approximately 2,412 customers were without electric service.

45. The CMI for these severe thunderstorms was 577,380 minutes on May 1, 2025, 498,127 minutes on May 2, 2025, and 253,126 minutes on May 3, 2025.

46. The following reflects a summary of the total customers interrupted across the system as the storm and the Company's response thereto progressed:

5/01/2025 7:00 p.m., approximately 2,412 customers interrupted.
5/01/2025 9:00 p.m., approximately 1,070 customers interrupted.
5/01/2025 11:00 p.m., approximately 280 customers interrupted.
5/02/2025 3:00 a.m., approximately 181 customers interrupted.
5/02/2025 7:00 a.m., approximately 262 customers interrupted.
5/02/2025 3:00 p.m., approximately 247 customers interrupted.
5/02/2025 9:00 p.m., approximately 799 customers interrupted.
5/03/2025 3:00 a.m., approximately 433 customers interrupted.
5/03/2025 9:00 a.m., approximately 660 customers interrupted.
5/03/2025 1:00 p.m., approximately 122 customers interrupted.

47. Kentucky Power personnel and business partners immediately responded to the incident and immediately began efforts to restore customers' electricity in a safe and efficient manner. However, these efforts were hindered by additional outages caused by ongoing storms and flooding throughout the early morning, negatively impacting remote and other affected areas.

48. The Company's preliminary records indicate approximately 148 internal and contract employees participated in the restoration efforts.

49. Preliminary records indicate the following damage to Company equipment: 4 cross arms, 6 transformers, 11 broken poles, and 52 spans of wire.

50. All Kentucky Power customers' service was restored by approximately 9:00 p.m. on May 3, 2025.

May 20-21, 2025 Severe Thunderstorm

51. On Tuesday, May 20, 2025, at 11:03 p.m., an outage incident occurred after thunderstorms affected Kentucky Power's service territory causing damage to Company facilities resulting in customer power outages.

52. At the peak of the event, approximately 1,266 customers were without electric service.

53. The CMI for this severe thunderstorm event that lasted through May 21, 2025, was 652,852 minutes.

54. The following reflects a summary of the total customers interrupted across the system as the storm and the Company's response thereto progressed:

5/20/2025 11:00 p.m., approximately 1,110 customers interrupted.

5/21/2025 4:00 a.m., approximately 955 customers interrupted.

5/21/2025 8:00 a.m., approximately 1266 customers interrupted.

5/21/2025 11:00 a.m., approximately 861 customers interrupted.

5/21/2025 4:00 p.m., approximately 678 customers interrupted.

5/21/2025 7:00 p.m., approximately 313 customers interrupted.

55. Kentucky Power personnel and business partners immediately responded to the incident and began restoration efforts in a safe and timely manner. Restoration efforts were hindered by ongoing storms and flooding throughout the day, causing difficulties with accessing some remote locations in the Company's service territory.

56. The Company's preliminary records indicate approximately 235 internal and contract employees participated in the restoration efforts.

57. Preliminary records indicate the following damage to Company equipment: 2 set of cross arms, 4 transformers, 9 broken poles, and 79 spans of conductor.

58. All Kentucky Power customers' service was restored by 9:40 p.m. on May 21, 2025.

Cost Mitigation Efforts and Contractor Selection

59. Kentucky Power's operations team continuously monitors potential inclement weather and transitions from routine service restoration to large-scale recovery efforts as outlined in its Emergency Management Plan.

60. Prior to any storm event, Kentucky Power and the AEP Meteorology team actively monitor the weather to assess any potential negative impacts to Kentucky Power's service territory. The Company and AEP's Meteorology team utilize a Storm Outage Prediction Model ("SOPM") to help predict weather severity. The SOPM application is a resource planning tool that uses historical weather events and utility damage to create predictions of utility damage due to the weather forecast.

61. Using the SOPM application, reconnaissance assessments, and damage evaluations, Kentucky Power first determines the number of outside resources needed to safely complete repairs and restore service to customers.

62. If it is determined that the severity of system damage has or will likely exceed the number of available resources, the Company will seek external resources such as mutual assistance. The required number of external resources correlates with the type and severity of the damage.

63. AEP, including Kentucky Power, is a member of several Regional Mutual Assistance Groups ("RMAGs"). Memberships in these RMAGs provide the Company with access to additional personnel and equipment to aid in restoring and maintaining electric utility services when such services are necessary. In the event that RMAG assistance is needed, the Company's representative will submit a request to the closest RMAG member, and the member informs the Company if they are able to fully or partially fulfill the request.

64. The main advantage of being part of multiple RMAGs is the ability to request resources from other RMAG members. If local RMAG assistance is limited, the Company can expand its requests to other RMAGs, ensuring the required help is received. Additionally, the Company can seek assistance from non-RMAG sources, such as local cooperatives and municipalities.

65. When RMAG assistance is requested, responding companies provide personnel and equipment to aid in restoring and maintaining electric utility service. The Company has an onboarding process for mutual assistance personnel and adheres to Edison Electric Institute (“EEI”) governing principles for emergency assistance. Among other things, the EEI governing principles provide guidelines for the cost of the responding company’s additional resources, including wages, travel, and living expenses of personnel, and replacement cost of material and supplies expended or furnished during the emergency assistance period.

66. Designated Company employees are given a roster of mutual assistance personnel to ensure that the Company is receiving the agreed upon number of mutual assistance personnel and to collect pertinent information for tracking resource assignments. With this information, the Company knows the number of mutual assistance personnel assigned to affected areas, the task assignment for each mutual assistance personnel, and the hours worked by each mutual assistance personnel. This helps the Company ensure that labor from mutual assistance is being properly allocated and ensures that mutual assistance is dispatched at the proper time to limit expenses incurred from dispatching these resources.

67. The Company’s use of the EEI governing principles and systematic tracking approach helps to ensure that storm restoration costs are reasonable and prudently incurred.

68. Kentucky Power required RMAG assistance in connection with the February 11, 2025, and March 31, 2025 Severe Storms.

69. When appropriate, Kentucky Power also utilizes the Incident Command System (“ICS”). The ICS is a standardized, on-scene, all-hazard incident management tool that allows responders to manage both small and large emergencies, such as outages related to storm events requiring a quick response. It is the same process used by other utilities and agencies, including the U.S. military, state and local agencies, and first responders when responding to emergencies.

70. When storm damage is sufficiently manageable such that escalation to the ICS is unnecessary, the Company restores service to customers quickly and efficiently using established operating procedures similar to those employed by the ICS. A storm coordinator is available 24 hours per day, seven days a week to ensure timely response to restoration needs, and internal employees and baseload contractors are mobilized to affected districts.

71. The Company considered escalating to the ICS for each of Severe Storms discussed herein. However, the Company made the reasonable and prudent decision to handle the restoration efforts with a combination of internal employees, baseload contractors, mutual assistance crews from its affiliates, and, for the February 11, 2025 event, local off-site contract crews. Doing so helped limit the costs of restoration while not materially impacting the Company’s ability to restore service to customers safely and efficiently.

The Amount to be Accumulated and Deferred

72. Kentucky Power seeks authorization from the Commission to accumulate and defer for review and recovery in a future proceeding the actual incremental O&M costs associated with Severe Storms that were incurred to repair damaged facilities and restore service to customers

following the Severe Storm events described herein. These costs would not have been incurred but for the severe weather that caused these outages.

73. Kentucky Power's base rates contain O&M storm-related expenses totaling \$1,012,476 for distribution.⁹ Kentucky Power's base rates contain O&M storm-related expenses totaling \$88,524 for transmission.¹⁰

74. The total jurisdictional incremental O&M costs associated with the Severe Storms is still being calculated at the time of this filing. As such, this Application includes the Company's best current estimates. Consistent with past accepted practice, if this Application is approved, the Company will update the estimates contained in this Application to the actual amounts when actual costs are known, and the Company will file the actual amounts with the Commission in the docket related to this Application. Kentucky Power's estimate will be developed in accordance with the Company's established accounting policy.

75. The total jurisdictional incremental O&M costs associated with the Severe Storms described herein currently are estimated to be:

TABLE 2

SEVERE STORM	JURISDICTIONAL INCREMENTAL O&M
Feb. 11, 2025	\$445,646
Mar. 31, 2025	\$954,885
Apr. 3, 2025	\$409,711
May 1, 2025	\$77,261
May 20, 2025	\$132,111
TOTAL	\$2,019,614

⁹ Retail jurisdictional amount of 1,012,476: $(1,013,489 * 0.999 \text{ jurisdictional allocation factor})$.

¹⁰ Retail jurisdictional amount of 88,524: $(89,872 * 0.985 \text{ jurisdictional allocation factor})$.

76. Subject to Commission approval in this case, Kentucky Power proposes to defer the total jurisdictional incremental O&M expenses associated with the Severe Storms. Kentucky Power's estimates will be developed in accordance with the Company's established accounting policies. Further, the estimates will be subject to disclosure in the Company's quarterly financial statements, in accordance with ASC 275 – Risks and Uncertainties.

Basis for the Requested Accounting Treatment

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

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

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

78. Similarly, 18 C.F.R. Part 101, app. B § 182.3 permits a utility to record a regulatory-created asset "resulting from the ratemaking actions of [a] regulatory agenc[y]" and provides:

The amounts included in this account are to be established by those charges which would have been included in net income, or accumulated other comprehensive income, determinations in the current period under the general requirements of the Uniform System of Accounts *but for it being probable that such items will be included in a different period(s) for*

*purposes of developing rates that the utility is authorized to charge for its utility services*¹¹

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

(1) an extraordinary nonrecurring expenses which could not have reasonably been anticipated or included in the utility's planning; (2) an expense resulting from a statutory or administrative directive; (3) an expense in relation to an industry sponsored initiative; or (4) an extraordinary nonrecurring expense that over time will result in a savings that fully offsets the costs.¹²

80. The Commission has exercised its discretion in the past to approve regulatory assets capitalizing certain storm-related costs, to the extent such costs exceed the amount of storm-related costs contained in base rates, under the first category identified above. Additionally, the Commission has approved regulatory assets for such costs that it has found to be extraordinary¹³

¹¹ 18 C.F.R. Part 101, app. B §Section 182.3 (emphasis added).

¹² *In The Matter Of: The Application of East Kentucky Power Cooperative, Inc. For An Order Approving Accounting Practices To Establish A Regulatory Asset Related To Certain Replacement Power Costs Resulting From Generation Forced Outages*, Case No. 2008-00436 at 4 (Ky. P.S.C. December 23, 2012).

¹³ *See In The Matter Of: Application Of Kentucky Power Company For An Order Approving Accounting Practices To Establish Regulatory Assets And Liabilities Related To Extraordinary Expenses Incurred By Kentucky Power Company In Connection With Three Major Storm Events In 2009*, Case No. 2009-00352 (Ky. P.S.C. Dec. 22, 2009) ("2009 Storm Case"); *In The Matter Of: Application Of Kentucky Power Company For An Order Approving Accounting Practices To Establish A Regulatory Asset Related To Extraordinary Expenses Incurred By Kentucky Power Company In Connection With Three 2020 Major Storm Events*, Case No. 2020-00368 (Ky. P.S.C. Feb. 5, 2021) ("2020 Storm Case"); *In The Matter Of: Application Of Kentucky Power Company For An Order Approving Accounting Practices To Establish A Regulatory Asset Related To The Extraordinary Expenses Incurred By Kentucky Power Company In Connection With Three February 2021 Major Storm Events*, Case No. 2021-00129 (Ky. P.S.C. Apr. 13, 2021) ("February 2021 Storm Case"); *In The Matter Of: Application Of Kentucky Power Company For An Order Approving Accounting Practices To Establish A Regulatory Asset Related To The Extraordinary Expenses Incurred By Kentucky Power Company In Connection With The March 1, 2021 Major Storm Event*, Case No. 2021-00402 (Ky. P.S.C. Dec. 29, 2021) ("March 2021 Storm Case"); *In The Matter Of: Application Of Kentucky Power Company For An Order Approving Accounting Practices To Establish A Regulatory Asset Related To The Extraordinary Expenses Incurred By Kentucky Power Company In Connection With June 2022 And July 2022 Major Storm Events*, Case No. 2022-00293 (Ky. P.S.C. Sep. 28, 2022) ("June 2022 Storm Case"); *In The Matter Of: Electronic Application Of Kentucky Power Company For An Order Approving Accounting Practices To Establish A Regulatory Asset Related To The Extraordinary Expenses Incurred By Kentucky Power Company In Connection With the March 3, 2023, March 25, 2023, and April 1, 2023 Major Event Storms*, Case No. 2023-00137 (Ky. P.S.C. June 5, 2023); *In The Matter Of Electronic Application Of Kentucky Power Company For An Order Approving Accounting Practices To Establish A Regulatory Asset Related To The Extraordinary Expenses Incurred By Kentucky Power Company In Connection With The April 2, 2024 And May 26,*

and “sufficiently significant.”¹⁴ These determinations in turn involve consideration of the collective magnitude of the storm expenses,¹⁵ in relation to the amount of storm-related costs built into the utility’s base rates,¹⁶ and the effect a refusal to authorize a deferral would have on the utility’s current year financial results.¹⁷

81. Although the CMI associated with the Severe Storms giving rise to this deferral request did not exceed the established 2025 Tmed threshold to be considered “Major Storm Events,” they nonetheless resulted in significant, extraordinary, and non-recurring costs as detailed above in this Application.

82. Based on current estimates, the incremental storm expenses for which the Company seeks deferral authority could total, on a cumulative basis, approximately \$2.0 million, an amount nearly two times the approximately \$1.1 million in O&M storm related expenses included in Kentucky Power’s base rates.

83. Based upon Commission precedent, Kentucky Power seeks Commission approval to create a regulatory asset deferring the incremental Severe Storms-related expenses, as described

2024 Major Event Storms, Case No. 2024-00241 (Ky. P.S.C. Sept. 27, 2024); *In The Matter Of: Electronic Application Of Kentucky Power Company For An Order Approving Accounting Practices To Establish A Regulatory Asset Related To The Extraordinary Expenses Incurred By Kentucky Power Company In Connection With The September 27, 2024 Major Event Storm*, Case No. 2024-00345 (Ky. P.S.C. Dec. 13, 2024); and *In The Matter Of: Electronic Application Of Kentucky Power Company For An Order Approving Accounting Practices To Establish A Regulatory Asset Related To The Extraordinary Expenses Incurred By Kentucky Power Company In Connection With The January 5, 2025 And February 15, 2025 Major Event Storms*, Case No. 2025-00031 (Ky. P.S.C. Mar. 31, 2025).

¹⁴ *In The Matter Of: Application Of Kentucky Utilities Company For An Order Approving The Establishment Of A Regulatory Asset*, Case No. 2008-00457, Order at 5 (Ky. P.S.C. Dec. 22, 2008) (“2008 KU Storm Case”).

¹⁵ Order, *2009 Storm Case* at 3 (“Kentucky Power’s damage and service restoration costs related to the cumulative effects of the 2009 Storms are clearly extraordinary in nature based on their absolute magnitude and the amount of storm damage expense built into Kentucky Power’s base rates.”).

¹⁶ *Id.*; Order, *2020 Storm Case* at 3 (“The cost of these storms amount to over seven times Kentucky Power’s O&M expense budgets for storm damage of approximately \$1.5 million, which are currently embedded in Kentucky Power’s base rates.”).

¹⁷ Order. *2008 KU Storm Case* at 5-6.

above. If approved, estimated total jurisdictional incremental storm-related O&M expenses will be deferred and will be trued-up to net actual costs prior to year-end 2025.

84. In accordance with FASB ASC 980-340-25-1 and Commission precedent, Kentucky Power requests that the Commission exercise its authority under KRS 278.220 to enter an order permitting Kentucky Power to accumulate and defer for review and recovery in a subsequent proceeding its extraordinary and nonrecurring expenses incurred by the Company from repairing storm related damage and restoring service in connection with the Severe Storms described herein. If the requested relief is granted, Kentucky Power will record the regulatory asset in FERC Account No. 182.3.

Exhibits

85. The following exhibits are incorporated in this application:

- a. The Company's September 3, 2025 Certificate of Existence [**EXHIBIT 1**];
and
- b. Breakdown of costs associated with the Severe Storms [**EXHIBIT 2**].

WHEREFORE, Kentucky Power Company respectfully requests the Commission enter an Order on or before October 31, 2025:

1. Authorizing Kentucky Power Company, in accordance with FASB ASC 980-340-25-1 and Commission precedent, to accumulate and defer for review and recovery in a subsequent proceeding the amount of incremental and extraordinary O&M expenses incurred by the Company in repairing storm related damage and restoring service in connection with the Severe Storms described in this Application;

2. Authorizing Kentucky Power to record the deferred amount as a regulatory asset to be recorded in FERC Account No. 182.3; and

3. Granting Kentucky Power all additional relief to which it may be entitled.

This 5th day of September, 2025.

Respectfully submitted,



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COUNSEL FOR KENTUCKY POWER
COMPANY

VERIFICATION

The undersigned, Jeffrey D. Newcomb, being duly sworn, deposes and says he is the Vice President of Regulatory and Finance for Kentucky Power Company, that he has personal knowledge of the matters set forth in the foregoing application and the information contained therein is true and correct to the best of his information, knowledge, and belief.

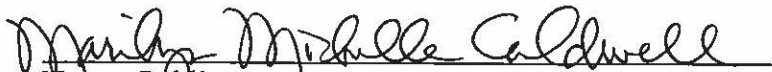


Jeffrey D. Newcomb

Commonwealth of Kentucky)
)
County of Boyd)

Case No. 2025-00291

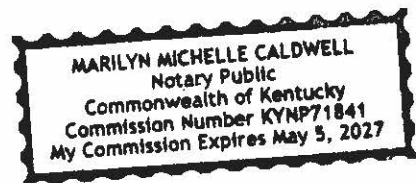
Subscribed and sworn to before me, a Notary Public in and before said County and State, by Jeffrey D. Newcomb, on September 5, 2025



Notary Public

My Commission Expires May 5, 2027

Notary ID Number KYNP 71841



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: 343255
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 3rd day of September, 2025, in the 234th year of the Commonwealth.



Michael G. Adams

Michael G. Adams
Secretary of State
Commonwealth of Kentucky
343255/0028317