

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

In the Matter of:

ELECTRONIC INVESTIGATION INTO THE	)	
AFFORDABILITY OF ELECTRIC AND	)	
NATURAL GAS UTILITY SERVICE AND	)	Case No. 2026-00185
RELATED MATTERS		

COMMENTS OF KENTUCKY POWER COMPANY

In accordance with the Public Service Commission of Kentucky’s (“Commission”) August 26, 2026 Order (“Opening Order”), Kentucky Power Company (“Kentucky Power” or the “Company”) submits these initial comments identifying the issues the Commission should examine in this investigation. The Company proposes that the Commission include the topics listed below as issues to be explored during the investigation. The Company has also included an Appendix that provides additional information summarizing the Company’s efforts to improve affordability that may assist the Commission.

1. Macroeconomic Considerations

Price Inflation

Utilities and customers have encountered significant macroeconomic challenges over the past several years, including the effects of the COVID-19 pandemic, supply chain constraints, inflation, increased interest rates, and rising tariffs on goods and services. These conditions increase both the costs of providing electricity and the prices customers pay for other necessities. As the Commission noted in its Opening Order, Kentucky’s average residential electricity price increased 21.8% from 2020 through 2025.¹ To place that increase in the broader economic context affecting customers’ ability to pay their utility bills, the Commission should also consider increases in the costs of other essential goods and services. For example, from September 2020 to September

¹ Opening Order at 6.

2025, overall consumer prices in the East South Central division, which includes Kentucky, increased 27.4%, while food prices increased 28.0% and gasoline prices increased 41.6%.²

Affordability has been and will continue to be a central consideration in Kentucky Power’s operations, but it cannot be assessed in a vacuum. Utility costs are only one component of the financial pressure customers face. Accordingly, this investigation should include an evaluation of both established and innovative measures that could assist customers while these broader cost pressures persist, including approaches that may not have been necessary under prior economic conditions.

Diminished Energy-Efficient Housing Stock

Customers throughout the Commonwealth, particularly those in eastern Kentucky, face significant challenges related to diminishing housing conditions that lack energy efficiency measures. A review of both utility-sponsored and state-sponsored energy efficiency programs may help address the older housing conditions and identify additional funding available through the state, utilities, Department of Energy (“DOE”) grants, or other organizations. This review could also evaluate income-based assistance plans for customers whose income levels are below the federal poverty level. For information on housing conditions and their impact on energy usage, please see the Company’s Residential Energy Usage Analysis, attached as Exhibit 1.

2. Legislative Initiatives

Securitization

Securitization is a financing mechanism that allows utilities to recover qualifying costs through low-interest, ratepayer-backed bonds. Securitization is helpful to reduce customer costs

² U.S. Bureau of Lab. Stat., Consumer Price Index for All Urban Consumers: East South Central, Not Seasonally Adjusted, Series CUUR0360SA0 (all items), CUUR0360SAF1 (food), and CUUR0360SETB01 (gasoline, all types) (percent changes calculated using the September 2020 and September 2025 index values).

because the bonds carry an interest rate below the Company's authorized rate of return. Although not all costs qualify for securitization, and bond issuances must be managed to avoid market saturation, greater flexibility to securitize unforeseen utility expenses could reduce their impact on customer bills.

Before issuing securitized bonds, a utility must obtain legislative authority. Kentucky Power successfully used the authority provided by KRS 278.670–.696 and the Commission's approval in Case No. 2023-00159 to issue securitized bonds that saved its customers more than \$97 million. During the 2025 Kentucky legislative session, Kentucky Power also supported legislation that would have authorized securitization of the Mitchell Plant's remaining net book value and was expected to produce \$40 million in annual customer savings. Although the General Assembly did not enact that legislation, it may consider similar legislation in the future.

Universal Service Fund

Many states offer percentage-of-income payment plans for low-income customers. A statewide program in Kentucky that aids customers across all service territories and prioritizes customers with the greatest demonstrated need, regardless of their electric provider, could benefit customers. A statewide approach could provide greater assistance than any one utility can provide alone. This investigation is an appropriate forum to discuss a statewide program as well as existing programs, including details such as:

- How funds would be allocated among the utilities so that customers with the greatest needs receive support;
- How to ensure collected funds are fully utilized;
- How to clearly, concisely, and easily communicate information about available programs and eligibility requirements to customers; and

- How such payment plans, as well as utility-specific disconnection rules and payment extension and assistance programs support affordability goals and customer protections.

Kentucky Power is particularly supportive of a state-wide program because, as shown in the Appendix, Kentucky Power's customers rank among those with the greatest need for income-based assistance programs statewide.

Franchise Fees, Sales Taxes, and School Taxes

Competitive rates help attract new business investment, which helps spread fixed costs among more customers. One hurdle that Kentucky utilities must overcome in persuading businesses to establish themselves in the Commonwealth is that franchise fees, sales taxes, and school taxes are included on customer bills. These additional line items on bills increase commercial and industrial electric rates and make the Commonwealth less appealing than states that do not collect similar taxes through utility bills, potentially deterring new customers.

3. Economic Development

Economic development is an integral consideration when assessing customer affordability because an increase in larger-load customers can broaden the customer base and help spread utility-system costs. Economic development initiatives on a per-utility basis have been successful in attracting commercial and industrial customers to the Commonwealth.

Economic development is not limited to encouraging businesses to move to the Commonwealth. There are also a variety of options for economic development grants, loans, and philanthropic opportunities that utilities and state agencies can pursue. These alternative means for securing additional funding for Kentuckians are essential to improving quality of life for all customers and would be appropriate to incorporate into this investigation.

Promoting Positive Messaging

In addition to considering initiatives that affirmatively seek out economic development opportunities, factors that may be discouraging such development should also be evaluated. For example, messaging focusing only on high bills throughout the Commonwealth instead of comparing rates to other states can work to disincentivize businesses from bringing their enterprises to Kentucky. This investigation should evaluate the prudence of encouraging coordination amongst utilities, agencies, and other stakeholders to ensure accurate statewide messaging addresses affordability concerns while also explaining why Kentucky remains a strong place to establish and grow a business.

4. Alternative Recovery Mechanisms and Strategies

Riders

Utilities throughout the Commonwealth, including Kentucky Power, have rider mechanisms, and can offer insights from those experiences in this investigation. For example, Kentucky Power can speak to how riders have helped it achieve its goal of gradualism when implementing its rates and how that helps customers appropriately budget for the cost of their utilities. When combined with other alternative rate designs, these mechanisms may reduce volatility, and moderate bill increases over time.

Deferred Tax Liabilities

In its most recent base rate case, Kentucky Power proposed using a deferred tax liability to reduce the immediate effect of the necessary rate increase. The strategic decision reduced the amount of the Company's requested increase.

Hedging

Fuel hedging can also protect against bill volatility and therefore increase bill predictability for customers. Kentucky Power has a detailed fuel hedging program that was explained by Company Witness Clint Stutler in Case No. 2025-00257 and could be informative in evaluating tools that may mitigate that volatility for the benefit of customers.

5. Alternative Rate Design and Tariff Structures

Innovative Rate Design

This investigation provides an opportunity for the Commission and utilities to engage in productive discussions about new and inventive ways that utilities can optimize their ratemaking, so as to increase affordability for customers. For example, Kentucky Power recently received approval for a rate design intended to assist higher-use customers by reducing high bills during peak usage periods which typically occur during winter months. This residential rate design is a two-tiered basic service charge whereby the billed basic service charge in each month is lower for customers who use less than 2,000 kWh and higher for customers who use more than 2,000 kWh. This is coupled with a declining energy block charge at 600 kWh for all customers. In concert, the second-tier basic service charge improves fixed cost recovery, and the declining energy block offers reduced bill impacts and volatility for all customers.³

Innovative rate designs such as this, or other options, such as higher fixed-charge structures, could be independently reviewed and, where appropriate, tested through customer polling. Reducing rate volatility would benefit many customers from a high-bill standpoint while continuing to allocate costs fairly. Higher fixed charges also may improve predictability in customer budgets and help better target limited funds available for payment assistance programs.

³ See Kentucky Power's Know Your Rate Information Sheet, attached as Exhibit 2.

Flexible Payment Tariffs and AMI

Alternative tariff provisions that provide customers with flexibility can also make the cost of utilities more affordable. For example, the ability to prepay accounts and apply charitable payments directly to customer bills could benefit Kentuckians. Kentucky Power is applying this principle by establishing its voluntary FlexPay tariff, which will give customers greater flexibility and control over payment frequency, eliminate the need for deposits, and generate participation data that can be used to assess the program's benefits. Advanced metering infrastructure ("AMI") is required to implement programs like FlexPay, but this technology may also produce cost savings and other meaningful benefits. For example, AMI will eliminate disconnect and reconnect charges, allow service to be restored approximately 15 minutes after an account has a positive balance, improve reliability, and provide approximately 35,000 data points a year to help customers better understand their energy-use patterns.⁴

⁴ See <https://www.kentuckypower.com/community/projects/electric-meter-program/> for Kentucky Power's dedicated AMI webpage.

Respectfully submitted,

A handwritten signature in blue ink, appearing to be "K. J. Gish, Jr.", enclosed within a large, loopy oval shape.

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COUNSEL FOR KENTUCKY POWER
COMPANY

Appendix

Efforts to Assist with Affordability

Kentucky Power has proposed numerous cost-saving initiatives in its two most recent base rate cases. These initiatives complement the Company's broader efforts to control costs and provide safe, reliable service as efficiently as possible. The following examples summarize measures Kentucky Power proposed or implemented to reduce customer costs, mitigate rate increases, and improve bill predictability:

Case No. 2025-00257

- Proposed a capital structure that reduces the Company's equity layer which, in turn, reduces the Company's weighted average cost of capital;
- Proposed not to adjust depreciation rates for the Mitchell Plant while pursuing additional legislation to securitize those costs;
- Proposed to remove storm expense from base rates and be authorized to automatically establish regulatory assets for all storm costs incurred as the Company was engaged with legislators and interested stakeholders to develop and pass legislation that would allow securitization of certain utility and regulatory assets, including storm expense regulatory assets;
- Limited the increase assigned to each customer class to no more than 15% to address concerns about high bills and the historical shift of costs from non-residential to residential customers;
- Proposed collecting a greater percentage of fixed costs through fixed charges to mitigate bill volatility and impacts on residential customers during high-usage periods, particularly in the winter;

- Proposed a new Generation Rider to recover non-environmental Mitchell Plant capital plant balances, including associated depreciation expense, while pursuing securitization legislation that would allow it to securitize the remaining net book value of the Mitchell Plant, and the Generation Rider would make reflecting securitization in rates more efficient;
- Utilized a Deferred Tax Liability to reduce overall ask in the base rate case;
- Developed a FlexPay program that gives customers more control over the timing of their bill payment;
- Implemented residential energy block billing to minimize the impact of high usage on customer bills;
- Reduced customer bill variability by increasing the percentage of fixed costs collected through fixed charges;
- Implemented AMI to provide customers with greater visibility into their usage; and
- Implemented Demand Side Management (“DSM”) programs approved on February 28, 2025, by Commission Final Order in Case No. 2024-00115.

Case No. 2023-00159

- Mitigated its rate increase requests by reducing its requested ROE 70 basis points below the rate recommended by its expert witness;
- Postponed updating depreciation rates for Mitchell Plant;
- Conditionally suspended collection of two regulatory assets until securitized bonds for those assets could be issued;
- Continued to provide the most shareholder funding for the Home Energy Assistance program; and

- Proposed fuel hedging to assist with market volatility.

Shareholder Contributions to Customer Programs

Kentucky Power has taken specific steps to assist its most vulnerable customers. During the July 2025 through June 2026 Home Energy Assistance (“HEA”) program year, the Company reported the highest HEA surcharge, the largest number of HEA participants, and the greatest level of shareholder funding for HEA among investor-owned utilities in the Commonwealth. More than 6,100 Kentucky Power customers participated in HEA, and the Company’s shareholders contributed more than \$1.2 million to the fund on annual basis.

DOE Loans and Grants

AEP’s service corporation has a dedicated team responsible for securing loans and grants from the Department of Energy, as well as pursuing other funding opportunities. This team has been focused on obtaining additional lower-interest loans as well as grants to help improve affordability and lower customer bills.

In June 2026 the DOE awarded funds in the amount of \$51 million for infrastructure upgrades at the Mitchell Power Plant.

Economic Analysis

Kentucky Power Company’s service territory continues to face significant economic headwinds that contribute directly to customer-affordability challenges. From 2016 to 2025, the population declined by an average of 0.3% annually, accompanied by a similar contraction in the labor force. Limited employment opportunities compound these trends. In addition, many residential customers have high energy use intensity because affordable efficiency measures remain limited, and customers continue to need education about available measures. These

population, employment, housing-efficiency, and education challenges are key barriers to improved affordability. Exhibit 7 provides specific data for Kentucky Power's service territory.

Economic Development Contributions

Kentucky Power works with communities throughout its service territory to support economic development, reduce customer costs, and improve service reliability. For example, the Kentucky Power Foundation contributed \$1 million toward weatherization assistance in eastern Kentucky, and Kentucky Power provided more than \$270,000 in housing assistance in 2025, tens of thousands of dollars in donations for 2025 spring flood relief, and tens of thousands of dollars to support local food banks. These contributions were funded by shareholder dollars and were not recovered through customer rates. Kentucky Power also contributes employee time and other resources. Employees volunteer with housing organizations and food pantries, host the annual Power Up the Pantry event, provide educational presentations at senior centers and civic organizations, participate in local fairs and festivals, and conduct community listening sessions to engage directly with customer stakeholder groups. Together, these efforts demonstrate the scope of Kentucky Power's engagement in eastern Kentucky.

Kentucky Power's efforts have demonstrable positive effects on eastern Kentucky, and widespread implementation of such efforts would not only benefit more customers throughout the Commonwealth but could bring forth opportunities that benefit Kentucky as a whole. For instance, the Kentucky Power Economic Growth Grant ("K-PEGG") supports site development, workforce training, marketing, economic development education, and the use of professional consultants across Kentucky Power's 20-county service territory. Since the program's inception, K-PEGG-

supported projects have contributed to the announcement of 1,739 jobs across Kentucky Power’s service territory.⁵

The site development category of K-PEGG aims to market new or existing sites and facilities within the Kentucky Power territory, enabling communities to compete for new jobs, investment, and retain existing jobs. Product improvement funds empower partner communities to leverage local, state, federal, and private resources for economic development projects. K-PEGG funds from this category have assisted in infrastructure improvements, due diligence, and local closing funds. The most significant K-PEGG contributions in site development are centered around its support of the Kentucky Product Development Initiative (“KPDI”). K-PEGG supported the KPDI pilot program and has provided annual support to KAED for the administration of the program. KPEGG provided matching funds for Johnson County and the City of Pikeville to leverage additional KPDI funds for site development. Local closing funds added 30 jobs in Greenup County and 36 jobs in Floyd County.

Through K-PEGG, regional economic development organizations have utilized K-PEGG awards to host training sessions for 71 elected officials. K-PEGG has supported the Kentucky Association for Economic Development (“KAED”) with scholarships for local and regional economic development practitioners to receive training at the Kentucky Institute for Economic Development.

Energy Efficiency and Demand Side Management Programs

The Targeted Energy Efficiency (“TEE”) program provides supplemental funding to the Department of Energy’s Weatherization Assistance Program for income-qualified customers. The TEE program helps support home energy audits and installed energy efficiency measures such as

⁵ Please see Exhibit 3 for the Company’s 2026 report related to the K-PEGG program.

high efficiency heat pumps, air and duct sealing, insulation (attic, sidewall, and floor), lighting, and hot water heater measures such as tank insulation jackets, low-flow showerheads, and pipe insulation. In addition, the TEE program provides supplemental funding to the DOE's Weatherization Readiness Fund which addresses health, safety, and structural issues to reduce deferrals or denials to the Weatherization Assistance Program.

The Home Energy Improvement program provides a home energy audit and installed measures such as low-flow showerheads, low-flow faucet aerators, hot water pipe insulation, water heater wraps, and window and door weatherstripping, at no cost to the customer. Following the home energy audit, customers are given recommendations on how to make the residence more energy efficient. In addition to identifying overall energy reduction opportunities, the program provides rebate incentives for the installation of certain energy conservation measures.

The Commercial Energy Solutions program provides energy audits to commercial (non-residential and non-industrial) customers that include a walk-through evaluation to identify key areas to reduce energy waste and provide recommendations to make the building more energy efficient. Customers can also receive rebates for implementing qualifying energy efficiency recommendations. The maximum rebate available to a commercial customer is \$25,000 annually.

For information on these programs, please see the Company's DSM Program Information Sheets, attached as Exhibit 4.

Payment Assistance Plans

Kentucky Power provides customers with information and educational materials through traditional media, e-mail, social media, information on the Company's website, news releases, mail, bill messages, bill inserts, printed materials, and direct conversations. These communications explain options for managing or obtaining assistance with electric bills, including payment

extensions, extended payment arrangements, the Home Energy Assistance in Reduced Temperatures program (“HEART”), Temporary Heating Assistance in Winter program (“THAW”), LIHEAP, the Average Monthly Payment plan, budget billing, medical certifications, certificates of need, hardship reconnections, and energy efficiency programs or tips. As an example, the Company has attached one of its presentations that it provides to the public as Exhibit 5.

Customers who need assistance such as payment extensions or extended payment arrangements may establish a plan by speaking with a representative by telephone or through social media, using the Company’s Interactive Voice Response (“IVR”) system, or submitting a request through the Company’s website or mobile application.

Kentucky Power also regularly provides customers with information regarding available assistance programs through informational materials and brochures distributed at Community Action Agencies, other public locations, and community outreach events.

The HEART program is designed to assist low-income Kentucky Power residential customers with their electric bill during the winter months. Qualifying customers with electric heat receive \$115 each month from January to April, and customers with non-electric heat receive \$58 each month for these same four months.

The THAW program helps customers who do not require the broader and more sustained help provided by HEART, but who are nonetheless at risk of losing their electric service because of a temporary situation. THAW offers assistance credit of up to a total of \$175.00 per winter heating season (bills rendered January through April) or until allocated benefits are expended to eligible residential customers on a first come, first served basis.

Community Action Kentucky (“CAK”) administers both the HEART and THAW programs through local community action agencies throughout the Company’s service territory. Kentucky

Power works closely with CAK and community action agencies to ensure the programs are effectively administered, customers receive timely information about available assistance, and eligible customers are connected with support before service disconnection becomes necessary.

For more information on these programs, please see the HEART and THAW Information Sheet, attached as Exhibit 6.

Customer Protection Initiatives

Service disconnection is a last resort, and Kentucky Power provides several options to assist customers in need and help prevent disconnection whenever possible, as referenced in Exhibit 5. Kentucky Power offers credit extensions or extended payment arrangements to provide additional time to pay a past due balance. In addition, the Company offers traditional budget billing along with the Average Monthly Payment plan, which is a rolling 12-month average that does not have a settle-up bill like traditional budget. A new prepay program, FlexPay will also be available for residential customers who have an AMI meter beginning in October 2026.

Customers who need payment assistance are given information on available programs such as LIHEAP, HEART, and THAW. Customers also receive information about Community Action, 211, and any other charitable organizations in their area who provide assistance. Kentucky Power also provides information on medical certificates if applicable, and certificates of need or hardship reconnection to assist customers in need.

Additionally, Kentucky Power's Terms and Conditions of Service include specific limitations on residential service disconnections. These provisions state that residential service will not be disconnected for 24 hours when temperatures are forecast to be 32 degrees or below, or 95 degrees or higher. Residential disconnections are further limited to 8:00 a.m. through 5:00 p.m. Monday through Thursday and 8:00 a.m. through noon on Friday.

Collaboration with Agencies

Kentucky Power has worked with CAK and community action agencies for more than 15 years through its TEE and HEA programs. As the Commission recognized and favorably commented upon in Case No. 2019-00366, Kentucky Power maintains a strong relationship with CAK and the local community action agencies. Kentucky Power, CAK, and the community action agencies meet throughout each year to discuss programs and collaborate on improvements. Meetings regarding HEART and THAW are scheduled by Kentucky Power before each HEA program year and include training for community action agency employees about the HEART and THAW programs. Following each HEA program year, Kentucky Power schedules meetings with CAK and their community action agencies to collaborate about the program year. In these meetings, the program year is discussed, including any concerns about the programs or application process and suggestions for improvement. The Company also frequently meets and communicates with community action agencies about the TEE program to discuss program participation, the budget, and opportunities to improve program delivery and maximize the number of eligible customers served.

EXHIBIT 1

Residential Energy Usage Analysis

Residential Energy Usage Analysis

Kentucky Power

Kentucky Power sought to analyze the drivers of electric consumption among its customers, determine whether neighboring utilities experience similar high-usage patterns, and isolate factors that distinguish Kentucky Power customers from those of customers at nearby utilities.

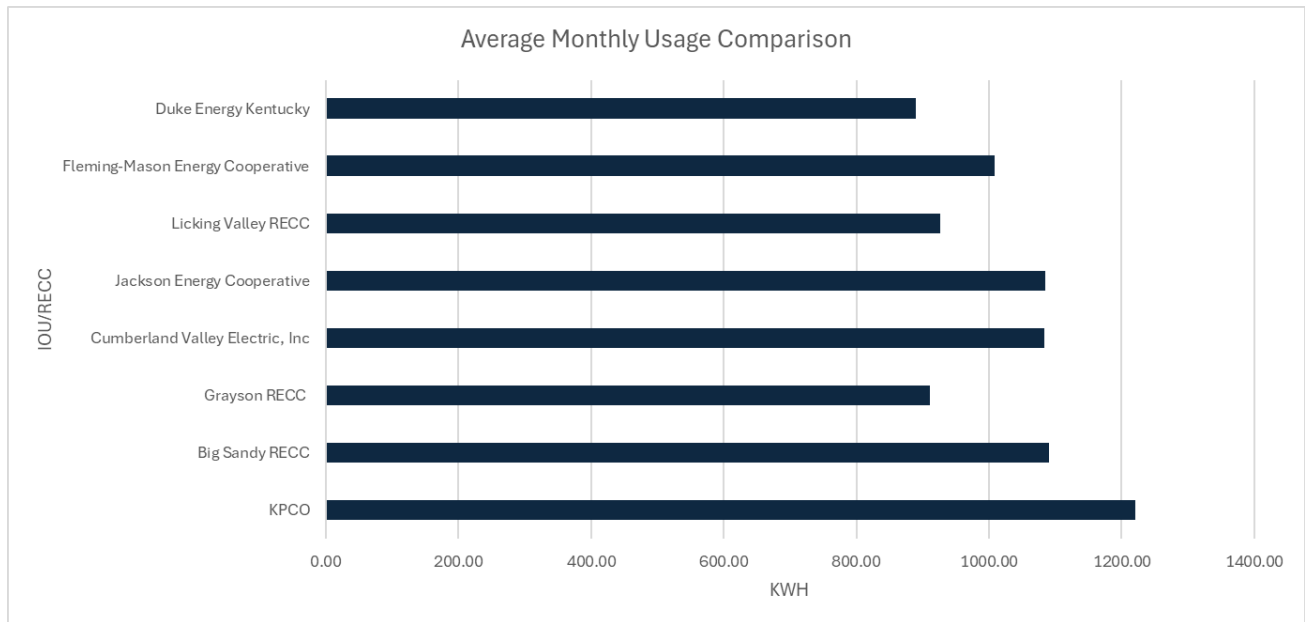
This goal was to examine the key drivers of high electric consumption among Kentucky Power residential customers, compare usage patterns with neighboring utilities, and identify the factors that distinguish Kentucky Power's service area from neighboring cooperatives, including Big Sandy R.E.C.C., Cumberland Valley Electric, Fleming-Mason Energy Cooperative, Grayson R.E.C.C., Jackson Energy Cooperative, and Licking Valley R.E.C.C.

The analysis utilizes five-year American Community Survey (2019-2024) census tract data that includes income, heating fuel, housing characteristics, and household size. The census tract data was then paired with customer usage data by matching each customer to their appropriate census tract. A correlation analysis was then performed to identify which factors tend to move together with average monthly usage. Importantly, these correlations indicate association, not causation, and were used to help identify structural characteristics that are most closely linked to observed usage patterns.

In addition to analyzing census tract data and historical differences between utilities, Kentucky Power also sent a survey to approximately 16,000 customers who used 4,000 kWh or more during January 2026. The effects of AMI metering and DSM programs were also reviewed as potential sources of energy reductions among the comparable utilities. The objective is to determine whether similarly high-usage patterns exist across the region and to develop a clear explanation for why residential consumption in Kentucky Power's territory is higher than both the national average and the average of residential customers in neighboring utilities.

Usage Analysis

To analyze usage, we evaluated correlations between average monthly electricity usage and a range of housing, fuel type, and customer characteristics. Correlation analysis was used to identify factors that move together with usage, recognizing that correlation reflects association rather than causation.



(Grayson Usage is 2023)

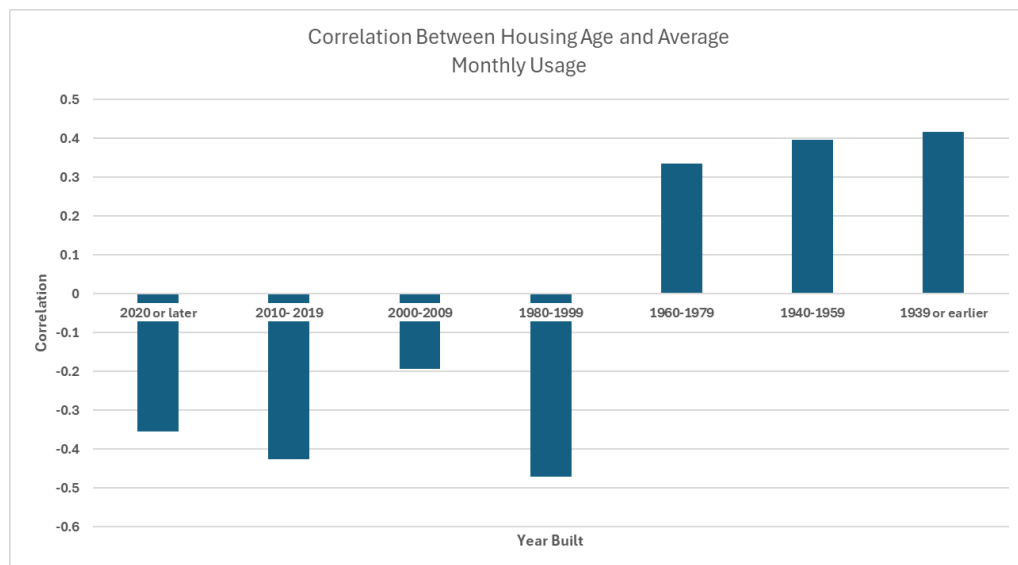
1. Key Takeaway

- Kentucky Power's higher average monthly electrical usage is driven by structural characteristics of residences within its service territory
- Specifically, higher usage is associated with
 - o Older housing stock
 - o Less energy efficient housing types
 - o Greater reliance on electric heating
 - o Fewer load-reducing, nonelectric heating alternatives

2. Housing Age is the Primary Structural Driver

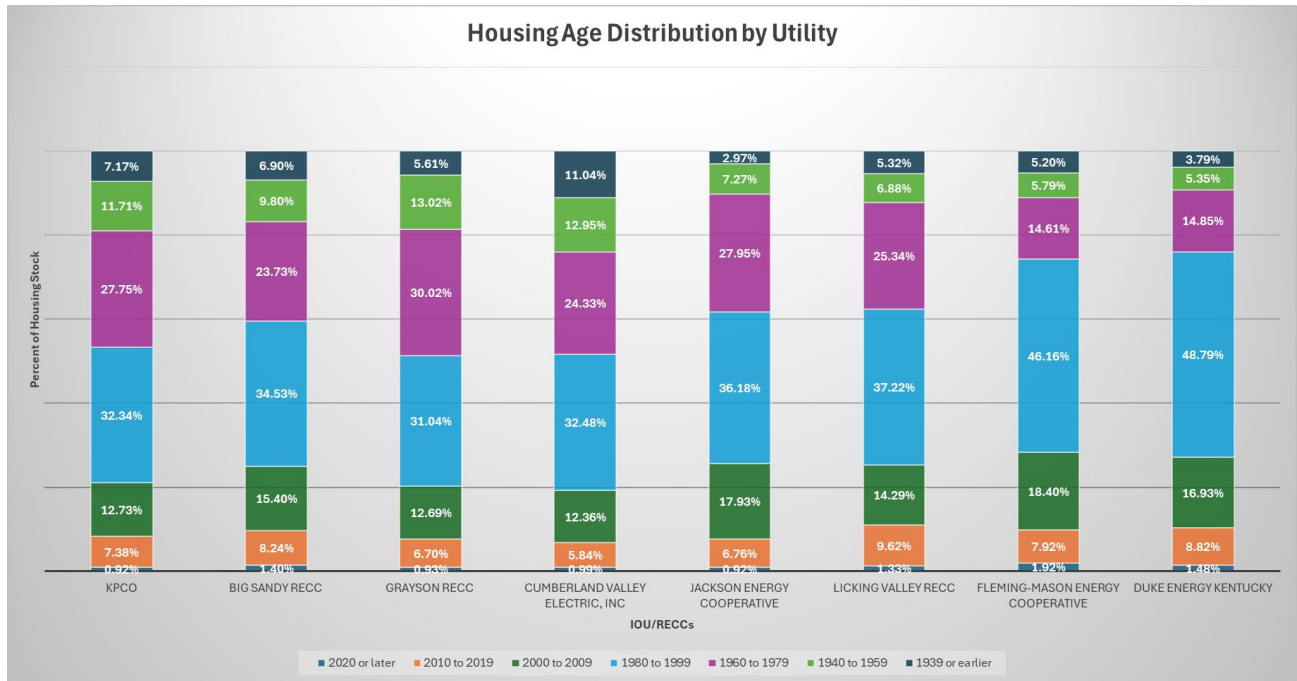
- Findings
 - o Housing age shows the strongest and most consistent relationship with average monthly usage
 - Older homes (built before 1980) are positively correlated with higher usage
 - Newer homes are negatively correlated, meaning they suppress electricity demand

- This reflects well-known efficiency differences: older housing stock typically has poorer insulation, older hvac systems, and higher heating/cooling loads, thus raising the floor for usage



As shown in the above chart, older housing vintages are consistently associated with higher average monthly usage, while newer housing construction is associated with lower usage

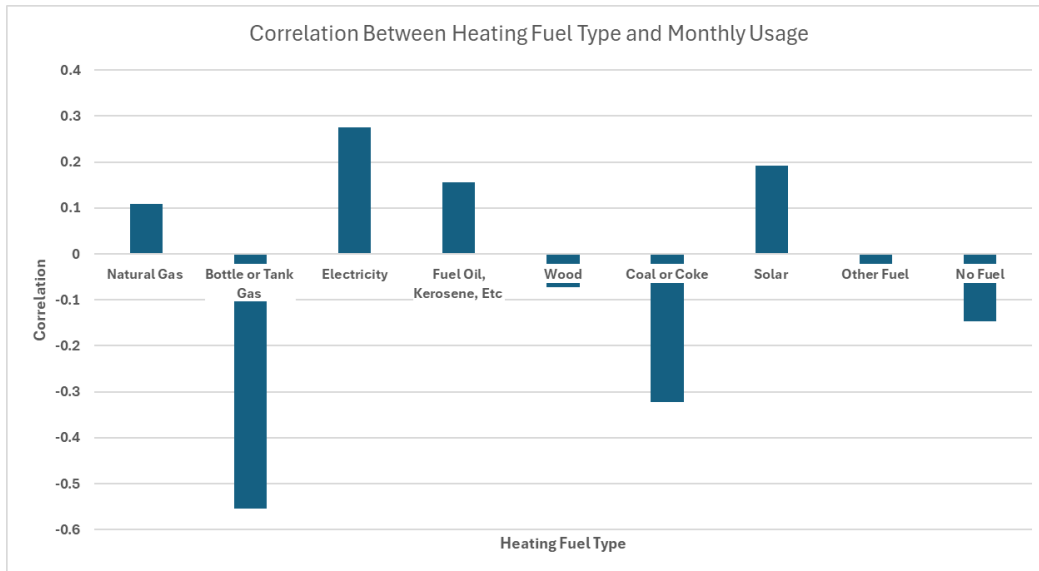
- Kentucky Power serves a substantially older housing stock than its peers, which structurally increases the baseline demand per customer
- Kentucky Power's service territory contains a high share of homes built prior to 1980 (46.6%) compared to peer utilities, helping explain higher average usage; all but one of the neighboring cooperatives have 40% or less of the home in their territories built before 1980
- Kentucky Power's service territory contains the 3rd lowest percentage of homes built 2000-today at 21%



3. Heating Fuel Choice Plays a Major Role

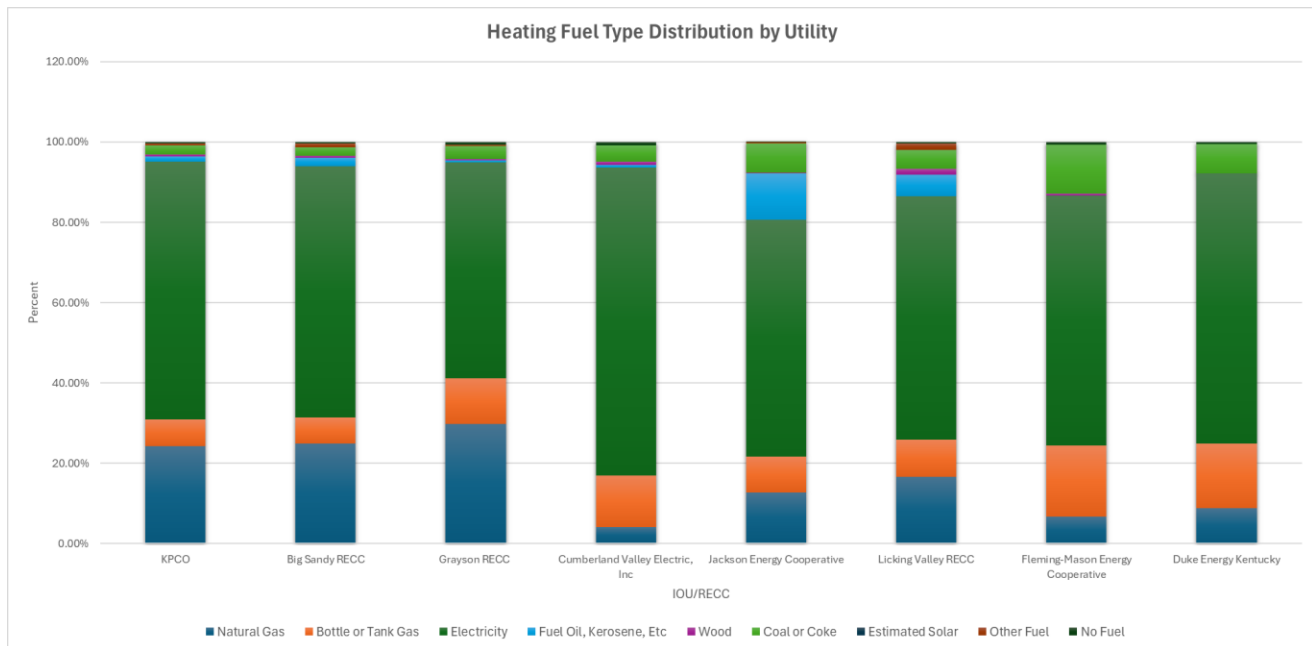
- Findings

- Heating fuel choice is another strong structural factor influencing electricity usage
- Households using electricity for space heating are associated with higher monthly usage
- Households using certain non-electric heating fuels are associated with lower usage
- Importantly, not all non-electric fuels behave the same
 - Fuels such as bottle/tank gas, coal or coke, fuel oil, and wood show strong usage, reducing relationships, while natural gas shows a much weaker relationship



Households using non-electric heating fuels exhibit significantly lower usage, while reliance on electric heating is associated with higher average monthly consumption.

- Kentucky Power customers have fewer load reducing non-electric heating alternatives than peers, resulting in higher and more persistent loads (bottle/tank gas, coal/coke)
- Kentucky Power has 3rd highest percentage of estimated electricity households



4. Housing Type Adds to Structural Load

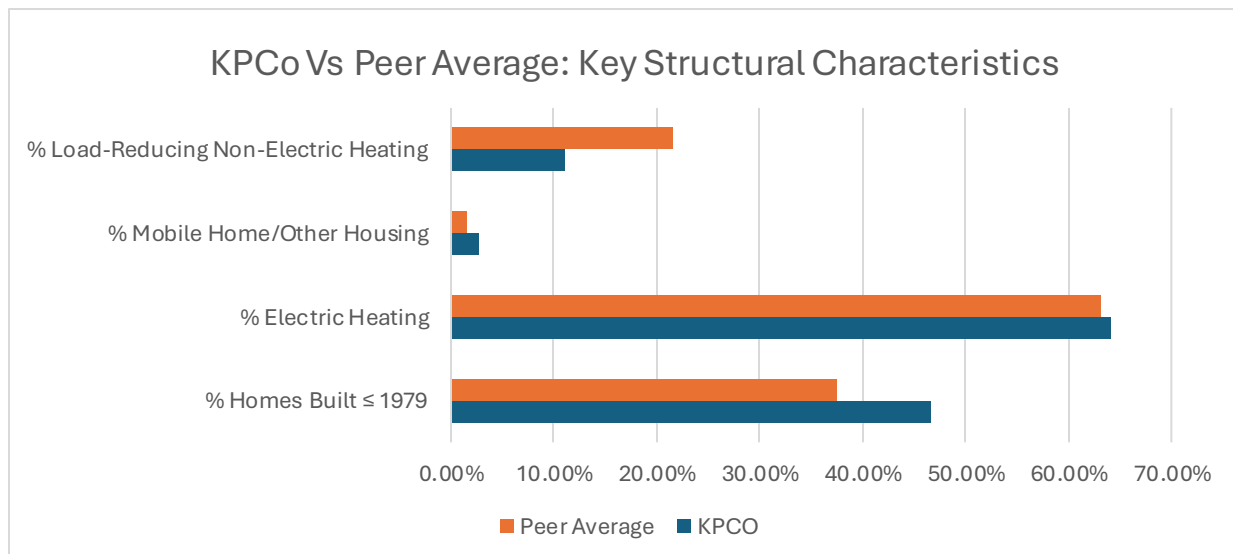
- Findings:
 - Certain housing types are associated with higher electricity usage
 - Mobile and other housing types (.33 correlation)
 - Kentucky Power has 2nd highest percentage of these types of homes
 - Small multifamily buildings (3-4 units) (.29 correlation)
 - These structures are often older, less insulated and more likely to rely on electric heating, increasing electricity consumption despite smaller square footage

5. Income and Household Size

- Mean income shows a modest negative relationship with usage (-.23 correlation)
- Household size shows no meaningful relationship

6. Peer Comparison Chart

- a. Kentucky Power compared directly to peer average across the key characteristics, notably, the peer group has nearly double the amount of non-electric heating which directly affects usage in the winter.



Customer Survey Analysis

Kentucky Power conducted an ad hoc survey among customers using more than 4,000 kWh in February to better understand customer drivers of elevated winter electricity consumption. The survey was designed to gather information about a customer's home and energy usage. It asked about the type of home, whether it was owned or rented, the home's size and age, the number of occupants, insulation, the primary heating source, thermostat settings, use of space heaters, drafts around windows, and the water heating source. Of approximately 16,000 customers who were sent an email survey, 577 completed the survey.

Key points highlighted from the survey:

- Homeownership: 82% own their homes; 18% rent
- Home type: 82% single-family homes; 17% mobile/modular homes
- Primary heating (last two months):
 - 64% heat pumps
 - 24% electric furnaces
 - 3% electric baseboard/room heaters
 - 9% use propane, gas, wood, or pellet stoves
 - Of those using space heaters, many used more than one

Other Factors

AMI/DSM

The comparison set of neighboring utilities all utilize AMI meter technology and on average have used that technology for 11 years. An advantage of AMI meter technology is that customers have access to near real-time, detailed usage data, enabling enhanced control over utility consumption. These utilities also offer pre-pay programs in addition to using AMI technology that allows their customers to monitor and adjust usage through alerts.

Additionally, the neighboring utilities also have robust DSM programs offering four to six programs each compared to Kentucky Power’s three programs. The cooperatives reported more than 32,000 DSM participants in 2023 with annual savings of over 5 million kWh and program budgets of \$3.49 million. Kentucky Power expanded its DSM portfolio in 2025 (after a period of time in which it was ordered to cease DSM programs other than the targeted energy efficiency program), with 109 participants, 384,068 kWh in annual savings and \$514,000 program budgets.

Residential Customer Count

Kentucky Power has a significantly larger customer base at just over 130,000 residential customers as compared to the neighboring cooperatives. In fact, Kentucky Power’s residential customer base is nearly as large as all the neighbor cooperatives’ residential customers combined. Given the size difference in residential customer count, any usage discrepancy between the companies as it relates to customer’s voicing their concern regarding usage and its effect on the cost of electricity may be magnified for Kentucky Power.

	Avg No. Res Cust
Big Sandy RECC	11,574
Cumberland Valley Electric	22,582
Fleming-Mason Energy Cooperative	23,839
Grayson RECC	14,429
Jackson Energy Cooperative	48,565
Licking Valley RECC	16,861
	137,850

Conclusion

In conclusion, this analysis demonstrates that Kentucky Power’s higher than average residential electricity usage is largely explained by structural characteristics rather than by a single customer behavior issue. The strongest drivers are an older housing stock, a higher prevalence of less energy-efficient housing types, greater reliance on electric heating, and fewer non-electric heating alternatives like natural gas that would otherwise reduce winter electric load.

The customer survey results are consistent with these findings, showing a predominance of single-family and mobile/modular homes and a large share of customers using electric heat. While AMI and DSM offerings can help customers better manage consumption, the comparison utilities generally have had these tools longer and at larger scales. Taken together, the evidence suggests that Kentucky Power’s higher average usage reflects the

underlying housing and heating profiles of customers in its service area, which creates a higher baseline of residential electricity demand than is seen in neighboring utilities.

Additionally, Kentucky Power has significantly higher numbers of residential customers as compared to the neighboring cooperatives.

Next Steps

Kentucky Power remains focused on assisting customers, especially those facing hardship due to higher-than-average usage. Although Kentucky Power is unable to address all issues with the housing stock within its service territory, it can assist customers through:

- Education – on-going customer education through outreach including email, social media, website, traditional mail, virtual learning sessions, or in-person meetings
- Energy efficiency – marketing and outreach to promote the existing energy efficiency programs, Targeted Energy Efficiency program, EnergyAdvantage at Home, and EnergyAdvantage for Business. Evaluation of need and participation to determine if expansion or additional programs are necessary
- AMI metering – installation of new AMI meters will begin in the fall of 2026 and continue through 2029. AMI technology will provide additional usage data and insight into usage that can help customers better understand usage patterns and monitor usage
- FlexPay – once an AMI meter is installed, residential customers can enroll in Kentucky Power's pre-pay program provides frequent usage notifications and allows customers to easily monitor the amount of power used without the worry of receiving a higher-than-expected bill
- New residential rate design – beginning in March 2026, Kentucky Power began using a new residential rate design which features tiered service charge and block energy rates that can help lower the impact of cost for customers with higher-than-average usage
- Foundation grants – The AEP and Kentucky Power Foundations focus on making meaningful assistance in the areas of housing, food insecurity, and STEM education.

EXHIBIT 2

Kentucky Power's Know Your Rate Information Sheet

Know Your Rate

Having a predictable energy bill is important. To help make it easy for you to plan and save where you can, we've provided a **simple break down of your rate structure** as well as tips to help you lower your next bill.

Tier 1 Customers who use 2,000 kWh per month or less

Base Service Rate: **\$24/mo.**

- + 0 - 600 kWh/mo. Energy Charge
\$0.15385 x (# of kWhs used)
- + 601+ kWh/mo. Energy Charge
\$0.11534 x (# of kWhs used)
- + Applicable taxes, surcharges, riders

= Your Monthly Bill

Tier 2 Customers who use over 2,000 kWh per month

Base Service Rate: **\$38/mo.**

- + 0 - 600 kWh/mo. Energy Charge
\$0.15385 x (# of kWhs used)
- + 601+ kWh/mo. Energy Charge
\$0.11534 x (# of kWhs used)
- + Applicable taxes, surcharges, riders

= Your Monthly Bill

What does kWh mean? "kWh" is short for "kilowatt-hour," which is what your energy use is measured by and what accounts for a large portion of your power bill.



Rate Relief for High-Usage Customers

Keeping your home heated or cooled is a necessity, not something you should have to compromise for other costs. To help keep your bills down, we have **lowered the year-round energy charge for 601+ kWh per month.**



Take Actions to Lower Your Bill

Visit kentuckypower.com/savings for tips and energy-saving actions you can take to help you move from a Tier 2 monthly rate down to a Tier 1, and **save up to \$30 per month.**

How to Track Your Energy Usage

Log in to your account on kentuckypower.com or the mobile app.



EXHIBIT 3

Kentucky Power's 2026 Report Related to K-PEGG Program

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

In the Matter of:

Electronic Application Of Kentucky Power	)	
Company For (1) A General Adjustment Of Its	)	
Rates For Electric Service; (2) An Order	)	
Approving Its 2017 Environmental Compliance	)	
Plan; (3) An Order Approving Its Tariffs And	)	Case No. 2017-00179
Riders; (4) An Order Approving Accounting	)	
Practices To Establish Regulatory Assets And	)	
Liabilities; And (5) An Order Granting	)	
All Other Required Relief And Approvals	)	

**KENTUCKY POWER COMPANY’S 2025 KENTUCKY ECONOMIC DEVELOPMENT
SURCHARGE PROGRAM REPORT**

Executive Summary

Kentucky Power has a long history of collaboration and support for local, regional and state economic development. The Kentucky Economic Development Surcharge (“KEDS”) and Kentucky Power Economic Development Growth Grant (“K-PEGG”) supports and delivers significant investment in economic development programs in eastern Kentucky. Since 2016, K-PEGG has awarded \$6,473,631 across 115 grants to support site development, workforce training, marketing, economic development education and the use of professional consultants across Kentucky Power’s 20-county service territory. Additionally, since the program’s inception, K-PEGG-supported projects have contributed to the announcement of 1,739 jobs across Kentucky Power’s service territory.

In 2025, after collecting \$372,370 from non-residential customers and matching that amount with shareholder funds, Kentucky Power reviewed and approved 13 grants totaling \$662,286. Kentucky Power also closed out six grants from previous years. Notable awards include \$250,000 to the City of Pikeville to develop a Build-Ready site (groundbreaking planned), \$100,000 to Greenup County supporting Strawser Construction (40 new jobs announced), \$62,306

to Big Sandy Community & Technical College for welding training equipment, and \$54,000 to implement site-selection and pipeline tools with One East Kentucky and Northeast Kentucky Economic Development Authority.

K-PEGG is a valuable tool because it provides timely, locally informed support that helps communities compete for new investment and strengthen the fundamentals needed for long-term growth: sites and buildings, workforce readiness, marketing, and professional expertise. Through KEDS and K-PEGG, Kentucky Power remains proud to be an active partner with local, regional, and state leaders in building a more resilient and prosperous eastern Kentucky.

Introduction

Kentucky Power Company submits this annual report regarding the implementation of its Kentucky Economic Development surcharge program (“KEDS”) pursuant to Paragraph 10(c) of the Settlement agreement approved in the Public Service Commission of Kentucky’s (“Commission”) June 22, 2015 Order in Case No. 2014-00396. In that Order, the Commission recognized the importance of the role of an area’s utility in economic development and approved Kentucky Power Company’s application to establish the Kentucky Power Economic Growth Grant (“K-PEGG”) program. The K-PEGG program allows Kentucky Power to work strategically with communities, government, and economic development partners to facilitate business location and expansion in Kentucky Power’s service territory. Together, Kentucky Power and its community, government, and economic development partners are building a stronger eastern Kentucky.

KENTUCKY ECONOMIC DEVELOPMENT SURCHARGE

Paragraph 10(c) of the Settlement Agreement approved in Case No. 2014-00396 requires:

Kentucky Power shall file on or before March 31, 2016, and each March 31st thereafter, a report with the Commission describing: (i) the amount collected through the Economic Development Surcharge; and (ii) the matching amount contributed by Kentucky Power from shareholder funds. The annual report to be filed by the Company shall also describe the amount, recipients, and purposes of its expenditure of the funds collected through the Economic Development Surcharge and shareholder contribution.

The required information follows.

Funding

As described in the Company's March 31, 2016 filing in Case No. 2014-00396, Kentucky Power created the K-PEGG program to implement economic development activities funded through the KEDS. Kentucky Power maintains the K-PEGG program funds in a separate account.

Kentucky Power collected \$372,370 from non-residential customers through the KEDS in 2025. The Company contributed \$372,370 in matching shareholder funds.

Since the K-PEGG program began in 2016, Kentucky Power has awarded a total of \$6,473,631 through 115 grant applications for projects to enhance economic development programs and projects that promote the creation and retention of manufacturing and/or industrial investment and jobs in the Company's 20-county service territory. A committee composed of representatives from Kentucky Power and external agencies review each application and ensure grant requests meet the guidelines of the K-PEGG program before determining awards. Grant funding is awarded for use in the following categories: Economic Development Education, Sites and Buildings-Product Improvement, Marketing and Promotion, and Professional Consulting Projects.

As described in more detail below, the Company in 2025 used \$662,286 K-PEGG program funds to award grants for economic development activities.

Grant Activity

Activity for 2025 included the review of 13 grant applications requesting a total of \$662,286 in K-PEGG assistance. Kentucky Power awarded 13 grants. The K-PEGG grants issued during 2025 are described below.

Approved Grants

- Application Number: 2025-01

Recipient: **City of Ashland**

Project: Training, recruitment, marketing, travel expenses

Date of Grant: 03/06/2025

Amount of Grant: \$20,415

Counties Served: Boyd

Kentucky Power transferred the remaining balances from K-PEGG 2022-10 (\$16,415) and 2023-09(\$4,000) issued to the City of Ashland to K-PEGG 2025-01. No additional K-PEGG funds were added to the award. The city of Ashland will use \$2,000 for the economic development specialist to complete the Oklahoma University Economic Development Institute. The remaining \$18,415 is to be used for economic development recruitment, marketing and travel. No funds were used in 2025, and the project will continue in 2026.

- Application Number: 2025-02

Recipient: **Morehead-Rowan County Chamber of Commerce**

Project: Marketing

Date of Grant: 03/06/2025

Amount of Grant: \$25,000

Counties Served: Rowan

Kentucky Power issued a K-PEGG to Morehead-Rowan County Chamber of Commerce (“MRCC”) for marketing community economic development efforts. In 2025, MRCC used \$4,700 toward Kentucky’s Site Selection marketing campaign. The campaign allowed MRCC to generate discussions with local members to create a new program of investment for community marketing efforts. To date, MRCC has written pledges of commitment matching the K-PEGG award. All reports are up to date, and the project will continue in 2026.

- Application Number: 2025-03

Recipient: **City of Pikeville**

Project: Site development

Date of Grant: 11/24/2025

Amount of Grant: \$250,000

Counties Served: Pike

Kentucky Power issued a K-PEGG to the City of Pikeville to provide the match for Pikeville’s \$2 million Kentucky Product Development Initiative award (“KPDI”). The project consisted of twenty acres of land grading and site readiness preparations to construct a certified Build-Ready site at Kentucky Enterprise Industrial Park in Pikeville. The project is complete and a ground-breaking ceremony is being planned. The project is ongoing, and the progress report is due March 31, 2026.

- Application Number: 2025-04

Recipient: **One East Kentucky and Northeast Kentucky Economic Development Authority**

Project: New technologies

Date of Grant: 03/06/2025

Amount of Grant: \$54,000

Counties Served: All 20 counties in Kentucky Power's service territory

Kentucky Power issued a K-PEGG to One East Kentucky ("OEK") and Northeast Kentucky Economic Development Authority ("NKEDA") to implement new technologies in support of economic development efforts throughout Kentucky Power's service territory. Both organizations implemented EDOiQ and Insitu Energy software. EDOiQ is a pipeline management tool that will keep all projects considering sites in Kentucky Power's service territory under one database. It allows partners to collaborate effectively and stay connected on updates for each economic development project. Insitu Energy software is a custom-designed tool to assist in site selection for solar and data center related development. Insitu's proprietary tool integrates parcel data, Geographic Information System ("GIS") layers of utility systems and U.S. Geological Survey ("USGS") reports on soil density to highlight properties more conducive for solar or data center related developments. The organization reports the software additions have proven extremely helpful in responding to requests for information, completing KPDI applications and preparing for recruitment trips to trade shows. All reports are up to date, and all funds have been expended.

- Application Number: 2025-05

Recipient: **City of Hazard**

Project: Economic impact studies

Date of Grant: 03/06/2025

Amount of Grant: \$7,500

Counties Served: Perry

Kentucky Power issued a K-PEGG to the City of Hazard to complete economic impact studies to review recent economic development projects. Hazard engaged the Kentucky League of Cities to complete the studies. Hazard will use the data from the studies to seek additional funding opportunities for economic development efforts. All reports are up to date, and all funds have been expended.

- Application Number: 2025-06

Recipient: **Hazard-Perry County Economic Development Alliance**

Project: Operational support

Date of Grant: 03/06/2025

Amount of Grant: \$25,000

Counties Served: Perry

Kentucky Power issued a K-PEGG grant to Hazard-Perry County Economic Development Alliance (“HPCEDA”) to support the organizational mission to attract, develop and expand a diversified business base in Perry County. The Alliance’s primary focus is marketing the Coal Fields Regional Industrial Park and jobs in general within the region. The grant enabled HPCEDA to recruit new businesses to the community and

continue working with existing businesses in the community. Active partners with HPCEDA include One East KY, the Hazard-Perry County Chamber of Commerce, and a host of local businesses that financially support its organization. All funds have been expended, and all reports are complete.

- Application Number: 2025-07

Recipient: **Greenup County Fiscal Court**

Project: Close the deal funding

Date of Grant: 03/19/2025

Amount of Grant: \$100,000

Counties Served: Greenup and surrounding counties

Kentucky Power issued a K-PEGG grant to the Greenup County Fiscal Court to close a gap in construction financing and locate Strawser Construction at the Greenup-Boyd Riverport. Greenup County constructed the building for lease to Strawser Construction. The company announced 40 new jobs and opened in November 2025. All reports are up to date, and all funds have been expended.

- Application Number: 2025-08

Recipient: **Grayson Chamber of Commerce**

Project: Economic development education

Date of Grant: 07/18/2025

Amount of Grant: \$700

Counties Served: Carter

Kentucky Power issued a K-PEGG to the Grayson Chamber of Commerce to support economic development education for a chamber staff member. The staff member attended the week-long Kentucky Institute for Economic Development course. Graduating from this course gives the participant credit for the International Economic Development Council (“IEDC”) basic course and allows him the opportunity to participate in IEDC’s economic development institute. All funds have been expended, and all reports are complete.

- Application Number: 2025-09

Recipient: **Kentucky Association for Economic Development**

Project: Economic development education

Date of Grant: 08/01/2025

Amount of Grant: \$2,780

Counties Served: All 20 counties in Kentucky Power’s service territory

Kentucky Power issued a K-PEGG to the Kentucky Association for Economic Development (“KAED”) to support scholarships for four attendees of the Kentucky Institute for Economic Development. The four-day basic economic development course introduces attendees to the practices of a broad economic development program. All funds have been expended, and all reports are complete.

- Application Number: 2025-10

Recipient: **Northeast Kentucky Economic Development Authority**

Project: Economic development education

Date of Grant: 07/18/2025

Amount of Grant: \$15,000

Counties Served: Boyd and Greenup

Kentucky Power issued a K-PEGG to the Northeast Kentucky Economic Development Authority to support economic development education for the executive director. The grant will assist NKEDA with tuition and travel to the institute's three required sessions. In 2025, the executive director completed a session. The grant will continue into 2026.

- Application Number: 2025-11

Recipient: **One East Kentucky**

Project: Operational support

Date of Grant: 12/3/2025

Amount of Grant: \$60,000

Counties Served: Floyd, Johnson, Lawrence, Letcher, Magoffin, Martin, Perry, and Pike

Kentucky Power issued a K-PEGG to One East Kentucky for operational support. The funds will be used to further OEK's mission to work to diversify the economy of the coal fields of eastern Kentucky through recruitment of industry. The project is ongoing. The progress report is due March 31, 2026.

- Application Number: 2025-12

Recipient: **Big Sandy Community and Technical College Foundation**

Project: Workforce development

Date of Grant: 12/15/2025

Amount of Grant: \$62,306

Counties Served: Floyd, Johnson, Magoffin, Martin, and Pike

Kentucky Power issued a K-PEGG to the Big Sandy Community and Technical College Foundation, for the purchase of regulated metal deposition (“RMD”) welding equipment to facilitate a training program based on the needs of local industry. In 2024, Infinity Design Group, a pipe fabrication facility opened in Langley, KY. Infinity Design Group is anticipating a rapid increase in demand for skilled welders in the RMD process and intends to increase their workforce by at least 50% to meet upcoming project demands. Big Sandy Community and Technical College recognized the shortage of welders trained in RMD in the region. To close this gap, Big Sandy Community and Technical College designed a program to prepare a pipeline of skilled workers. K-PEGG funds purchased the equipment needed to run the training program. The project is ongoing. The progress report is due March 31, 2026.

- Application Number: 2025-13

Recipient: **Kentucky Association for Economic Development**

Project: Operational support

Date of Grant: 12/19/2025

Amount of Grant: \$60,000

Counties Served: All 20 counties in Kentucky Power’s service territory

Kentucky Power issued a K-PEGG to the Kentucky Association for Economic Development (“KAED”) to support the organization’s goals of growing and building

Kentucky, and the Kentucky Product Development Initiative (“KPDI”). K-PEGG played a critical role in the success of the program that continues to be desired by communities across the commonwealth. K-PEGG funds were allocated to cover consulting fees. The project is ongoing and will continue in 2026.

Carried over 2020 projects

The below provides project activity for grants issued in 2020 that experienced continued activities in 2025. The amount shown for each is the awarded grant amount.

- Application Number: 2020-14

Recipient: **USA Drone Port**

Project: Workforce development

Date of Grant: 07/22/2020

Amount of Grant: \$55,000

Counties Served: All 20 counties in Kentucky Power’s service territory

Kentucky Power issued a K-PEGG to USA Drone Port to construct a netted facility for drone testing. The grant would allow USA Drone Port to build one of the world’s largest netted facilities and provide a broader option for their partners to test drones. A netted drone testing facility does not exist in Kentucky. In 2022, the project began seeking an alternate location as there were right-of-way issues on its current property. No grant activities occurred in 2023. Kentucky Power requested a plan for completing the project by June 2024 and USA Drone Port was notified the grant funds must be returned if there

is no progress before the end of the year. USA Drone Port returned the K-PEGG award to Kentucky Power in 2025, and the funds were put back into the KEDS fund.

Carried over 2022 projects

The below provides project activity for grants issued in 2022 that experienced continued activities in 2025. The amount shown for each is the awarded grant amount.

- **Application Number: 2022-02**

Recipient: Johnson County Fiscal Court

Project: Site development

Date of Grant: 03/09/2022

Amount of Grant: \$296,775

Counties Served: Floyd, Johnson, Magoffin, Martin, Morgan, and Pike

Kentucky Power issued a K-PEGG to Johnson County Fiscal Court to continue the development of the Hager Hill Industrial Site. As a result of K-PEGG funding, Hager Hill Industrial site was able to achieve Build Ready certification from the Kentucky Cabinet for Economic Development. In 2023, Johnson County completed the purchase of the adjacent property through a Kentucky Product Development Initiative (“KPDI”) grant. During 2025, Johnson County was awarded \$2 million in KPDI funds to construct a speculative building at the Hager Hill Industrial Site. The K-PEGG funds will be applied to Johnson County’s required match to receive the KPDI funds. This 2022 award will be transferred to K-PEGG award 2026-10. All reports are up to date and this grant is considered closed.

Carried over 2024 projects

- Application Number: 2024-01

Recipient: **Shaping our Appalachian Region**

Project: Workforce development

Date of Grant: 04/05/2024

Amount of Grant: \$200,000

Counties Served: All 20 counties in Kentucky Power's service territory

Kentucky Power issued a K-PEGG to Shaping our Appalachian Region ("SOAR") to expand its remote worker attraction program, EKY Remote. The K-PEGG funding provided a match to secure \$1,500,000 from the Department of Local Government for additional program funding. Since inception the EKY Remote program has supported the relocation of 65 families, bringing 193 new residents to eastern Kentucky across 28 counties from 28 states. This activity has generated an estimated annual economic impact of \$5.9 million and an annual tax contribution of \$827,000. While the EKY Remote program is still active, the K-PEGG funds have been expended and all reports are complete.

- Application Number: 2024-04

Recipient: **Northeast Kentucky Chamber of Commerce**

Project: Operation support, site visits, targeted recruitment

Date of Grant: 06/26/2024

Amount of Grant: \$49,155

Counties Served: Boyd and Greenup

Kentucky Power transferred the remaining balances from K-PEGG 2022-03 (\$9,352) and 2023-03 (\$39,803) issued to Ashland Alliance to K-PEGG 2024-04 after organizational changes renamed the organization and changed its function. No additional K-PEGG funds were added to the award. In 2024, Northeast Kentucky Chamber of Commerce used \$35,000 for operational support and \$4,429 was spent on economic development activities. In 2025, the remaining funds were spent on economic development activities that included four site visits and three targeted recruitment trips. All funds have been expended, and all reports are up to date.

- Application Number: 2024-05

Recipient: **Kentucky Association for Economic Development**

Project: Operational support

Date of Grant: 06/26/2024

Amount of Grant: \$60,000

Counties Served: All 20 counties in Kentucky Power's service territory

Kentucky Power issued a K-PEGG to the Kentucky Association for Economic Development ("KAED") to support the organization's goals of growing and building Kentucky, and the Kentucky Product Development Initiative ("KPDI"). As a contributor assisting to cover the costs for the third-party site consulting evaluations, K-PEGG played a critical role in the success of the program. All funds have been expended, and all reports are up to date.

- Application Number: 2024-06

Recipient: **Kentucky River Area Development District**

Project: Feasibility study

Date of Grant: 06/26/2024

Amount of Grant: \$50,000

Counties Served: Letcher

Kentucky Power issued a K-PEGG to the Kentucky River Area Development District (“KRADD”) to support a feasibility study for the City of Fleming-Neon to assess the practicality of a connectivity/office hub. Fleming-Neon completed the feasibility study. The plan outlined digital learning center, remote workspace and telemedicine facility. The plan included a conceptual design and estimated costs to construct the facility in the Fleming-Neon City Hall. All funds have been expended, and all reports are up to date.

- Application Number: 2024-07

Recipient: **Big Sandy Area Development District**

Project: Small business developments services

Date of Grant: 06/26/2024

Amount of Grant: \$100,000

Counties Served: Floyd, Johnson, Magoffin, Martin, and Pike

Kentucky Power issued a K-PEGG to the Big Sandy Area Development District (“BSADD”) as a match to the Appalachian Regional Commission’s \$400,000 Partnerships for Opportunity and Workforce and Economic Revitalization (POWER) grant. BSADD will use the funds for its Fueling Innovation, Revitalization and Entrepreneurship (“FIRE”)

program. FIRE will offer a comprehensive array of small business development services tailored to foster a vibrant entrepreneurial ecosystem in the Big Sandy area. During 2024, BSADD purchased subscriptions to business intelligence platforms. BSADD also has selected a business development specialist to manage the program. During 2025, BSADD maintained a presence at all chambers of commerce in Floyd, Johnson, Martin, Magoffin and Pike counties. BSADD utilized Placer.ai to partner with and assist a range of local organizations. BSADD continues to develop a more cohesive small business community that collaborates with partners to address shared challenges and work collectively to overcome regional barriers to economic growth. The project is ongoing and will continue in 2026.

Respectfully submitted,



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COUNSEL FOR KENTUCKY POWER
COMPANY

EXHIBIT 4

Kentucky Power's DSM Program Information Sheets

Targeted Energy Efficiency Program Quick Reference Guide

Program Description:	The Targeted Energy Efficiency Program (“TEE”) provides supplemental funding to the Department of Energy’s (DOE’s) Weatherization Assistance Program. This funding helps support energy efficiency measures for income-qualified customers whose primary heat source is electricity and average at least 700 kWh usage per month. In addition, limited efficiency measures are available to customers whose primary heat source is not electric, but who have electric water heaters and use an average of at least 700 kWh of electricity per month from November through March. New to the TEE program is supplemental funding to the DOE’s Weatherization Readiness Fund which addresses health, safety, and structural issues to reduce deferrals or denials to the Weatherization Assistance Program.																																								
Eligible Measures:	The TEE program, through supplemental funding, helps supports home energy audits and installed energy efficiency measures such as high efficiency heat pumps, air and duct sealing, insulation (attic, sidewall, and floor), lighting, and hot water heater measures such as tank insulation jackets, low-flow showerheads, and pipe insulation to income-eligible customers. New energy efficiency options will include heat pump water heaters, ductless heat pumps, and ENERGY STAR room air conditioners.																																								
Estimated Program Impacts:	Estimated expected annual reductions to both energy and demand. <table><tr><th>TEE</th><th>Unit</th><th>Year 1 (2025)</th><th>Year 2 (2026)</th><th>Year 3 (2027)</th></tr><tr><td>Participants</td><td># of Customers</td><td>90</td><td>95</td><td>100</td></tr><tr><td>Energy</td><td>MWh</td><td>228</td><td>240</td><td>283</td></tr><tr><td>Summer Demand</td><td>kW</td><td>34</td><td>37</td><td>40</td></tr><tr><td>Winter Demand</td><td>kW</td><td>71</td><td>75</td><td>78</td></tr></table>					TEE	Unit	Year 1 (2025)	Year 2 (2026)	Year 3 (2027)	Participants	# of Customers	90	95	100	Energy	MWh	228	240	283	Summer Demand	kW	34	37	40	Winter Demand	kW	71	75	78											
TEE	Unit	Year 1 (2025)	Year 2 (2026)	Year 3 (2027)																																					
Participants	# of Customers	90	95	100																																					
Energy	MWh	228	240	283																																					
Summer Demand	kW	34	37	40																																					
Winter Demand	kW	71	75	78																																					
Program Budget:	Anticipated annual budget for the program. <table><tr><th>TEE</th><th>Year 1 (2025)</th><th>Year 2 (2026)</th><th>Year 3 (2027)</th></tr><tr><td>Administration</td><td>\$25,500</td><td>\$27,000</td><td>\$28,500</td></tr><tr><td>Customer Education</td><td>\$6,750</td><td>\$7,125</td><td>\$7,500</td></tr><tr><td>Installed Measures</td><td>\$325,935</td><td>\$335,935</td><td>\$345,935</td></tr><tr><td>Total</td><td>\$358,185</td><td>\$370,060</td><td>\$381,935</td></tr></table> <table><tr><th>Weatherization Readiness</th><th>Year 1 (2025)</th><th>Year 2 (2026)</th><th>Year 3 (2027)</th></tr><tr><td># of Homes</td><td>15</td><td>20</td><td>25</td></tr><tr><td>Max per home</td><td>\$1,000</td><td>\$1,000</td><td>\$1,000</td></tr><tr><td>Total</td><td>\$15,000</td><td>\$20,000</td><td>\$25,000</td></tr></table>					TEE	Year 1 (2025)	Year 2 (2026)	Year 3 (2027)	Administration	\$25,500	\$27,000	\$28,500	Customer Education	\$6,750	\$7,125	\$7,500	Installed Measures	\$325,935	\$335,935	\$345,935	Total	\$358,185	\$370,060	\$381,935	Weatherization Readiness	Year 1 (2025)	Year 2 (2026)	Year 3 (2027)	# of Homes	15	20	25	Max per home	\$1,000	\$1,000	\$1,000	Total	\$15,000	\$20,000	\$25,000
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# of Homes	15	20	25																																						
Max per home	\$1,000	\$1,000	\$1,000																																						
Total	\$15,000	\$20,000	\$25,000																																						

ENERGY ADVANTAGE AT HOME

Saving Energy Starts Here

**KENTUCKY
POWER**

An AEP Company

Energy incentives for Kentucky residents

The Kentucky Power EnergyAdvantage at Home program offers customers rebates for upgrading to energy saving equipment in their homes.

Eligible residential customers can receive incentives for energy saving upgrades that reduce usage while improving safety and comfort.

Three Ways to Save!

1 Home Energy Assessment

An energy audit that includes a visual inspection, energy usage analysis and efficiency report to identify ways to save energy and money.

2 Direct Install

After the Home Energy Assessment, no-cost energy saving products can be installed, such as low-flow faucet aerators, weatherstripping, hot water tank wraps, and pipe insulation for electric water heaters.

3 Rebates

For larger projects, such as HVAC or heat pumps, rebates are available to help offset the cost.

KentuckyPower.com/EnergyAdvantageHome

844-657-1230 | EnergyAdvantageKentucky@TRCCompanies.com

ENERGY ADVANTAGE

SAVE SMARTER WITH THESE PROGRAM PERKS



LOWER ENERGY BILLS

Cut monthly expenses by using less energy without sacrificing performance. Energy saving upgrades keep more money in your pocket year after year.



ENHANCE SAFETY

Energy saving upgrades often include advanced safety features. Upgrades can improve indoor air quality, reduce fire hazards, and keep your family safer.



INCREASE COMFORT

Energy improvements like low-flow aerators, hot water tank wraps, and HVAC upgrades work together to boost comfort in your home.



GO GREENER

By lowering your carbon footprint, you're not only saving money - you're contributing to a cleaner, more sustainable future for your community.



An **AEP** Company

Apply Online

Apply online at
KentuckyPower.com or
call **844-657-1230**.



HOME ENERGY ASSESSMENT PROCESS

- Visual inspection to identify problem areas and energy saving opportunities
- Health & safety testing for issues like mold, water infiltration and gas leaks
- Detailed review of your electric usage and high-impact savings opportunities
- Appliance education to help reduce energy waste
- Personalized energy efficiency score
- Comprehensive efficiency plan development with tailored energy saving recommendations

KentuckyPower.com/EnergyAdvantageHome
844-657-1230 | EnergyAdvantageKentucky@TRCCompanies.com

ENERGY ADVANTAGE FOR BUSINESS

Saving Energy Starts Here

**KENTUCKY
POWER**

An AEP Company

Energy incentives for Kentucky businesses

Kentucky Power's EnergyAdvantage Program is helping businesses shine brighter — with less energy!

Eligible commercial customers can receive incentives for energy saving lighting upgrades and advanced control systems that reduce usage and improve workspace performance. It's all about lowering costs while creating cleaner, more productive buildings.

Efficiency That Pays Off

- » Better Workplaces
- » Cut Energy Costs
- » Cash Back Incentives
- » Go Greener

Does my business qualify?

EnergyAdvantage is available to commercial customers within the Kentucky Power service territory and served by Kentucky Power.

Some commercial users may not be eligible; please contact us to confirm your eligibility.

KentuckyPower.com/EnergyAdvantageBusiness

844-657-1230 | EnergyAdvantageKentucky@TRCCompanies.com

ENERGYADVANTAGE

SHINE SMARTER WITH THESE PROGRAM PERKS



EARN INCENTIVES

Get cash back for installing energy saving upgrades like LEDs and smart controls – making improvements more affordable from day one.



BETTER WORKPLACES

Enhance the comfort, safety, and overall environment of your building while increasing performance and satisfaction for employees and customers.



LOWER COSTS

Reduce your monthly energy bills and operating expenses with efficient upgrades that deliver long-term savings and stronger bottom-line performance.



GO GREENER

By lowering your carbon footprint, you're not only saving money – you're contributing to a cleaner, more sustainable future for your community.



An **AEP** Company

Apply Online

Apply online at
KentuckyPower.com or
call **844-657-1230**.



Kentucky Power's EnergyAdvantage Program is all about making saving energy simple and affordable so you can focus on what matters most – your business.

Here's how it works:

- 1 SUBMIT YOUR APPLICATION**
Visit **KentuckyPower.com** or call **844-657-1230** to complete the initial application. Pre-approval is required for projects with an incentive $\geq$ \$10,000.
- 2 INSTALL APPROVED MEASURES**
Customer or Trade Ally completes the installation of approved measures.
- 3 PROJECT REVIEW AND INSPECTION**
Once application is submitted, the completed project undergoes a quality check.
- 4 START SAVING!**
Take advantage of energy saving upgrades that can help lower your energy use and save money.

KentuckyPower.com/EnergyAdvantageBusiness
844-657-1230 | EnergyAdvantageKentucky@TRCCompanies.com

EXHIBIT 5

Kentucky Power's Customer Payment Assistance Presentation



How Kentucky Power Works With Customers

BOUNDLESS ENERGYSM



Energy Assistance Programs

Kentucky Power and customers partner for **HEART** and **THAW**

LIHEAP subsidy is available to income-qualified customers in November

LIHEAP Crisis begins in January and requires a disconnect notice

Customers can call **211** or visit **kynect.ky.com** to learn about assistance programs in their area

BOUNDLESS ENERGYSM



Kentucky Power's HEART and THAW Programs

HEART

Home Energy Assistance in Reduced Temperatures (HEART) provides assistance to income-qualified customers from January through April.

- \$115 per month in assistance for customers who use electric heat
- \$58 per month in assistance for customers who use non-electric heat

THAW

Temporary Heating Assistance in Winter (THAW) provides assistance to customers experiencing a hardship. THAW is available January through April or until funds are depleted.

- Up to \$175 in assistance
- No income guidelines



Kentucky Power's Partnership with Community Action Kentucky

Community Action Kentucky (CAK) and their local Community Action Agencies (CAA) administer the Company's HEART and THAW programs. Kentucky Power meets with CAK and CAA several times throughout the year to discuss the programs, collaborate and train employees.

This partnership benefits customers by allowing customers to apply for more than one program in one trip; CAA administers HEA programs, LIHEAP programs and other assistance programs including weatherization.

Community Action also administers the Company's Targeted Energy Efficiency (TEE) program.



Weatherization Assistance Programs

Income-qualified customers may be eligible to receive assistance to improve their home's energy efficiency. These improvements may help to reduce home energy costs.

Kentucky Power offers a Targeted Energy Efficiency (TEE) weatherization program to income qualified customers.

Weatherization programs may provide:

- Energy audit
- Diagnostic test to find air leaks
- Air leakage sealing
- Attic, floor, side-wall insulation
- Duct sealing and insulation
- High efficiency heat pump
- High efficiency lighting upgrades
- Water heater insulation
- Customer education on home energy efficiency

**Improving
Houses**



State regulations provide guidelines for utilities that help protect residential customers, especially during the winter months.

Specifically, 807 KAR 5.006 outlines several programs available to assist customers in preventing disconnection, including:

- Certificate of Need
- Winter Hardship Reconnection
- Medical Certificate

**Preparing
for
Winter
Bills**



Customers with a pending disconnection may qualify for a **Certificate of Need**. The Cabinet for Health and Family Services or its designee confirm eligibility. A Certificate of Need is available between November 1 and March 31 and pursuant to 807 KAR 5.006 Section 15 (3) must be presented prior to disconnection.

Customers using a Certificate of Need:

- Will be provided a 30-day extension to either pay the balance or set up a payment arrangement
- Must agree to a repayment schedule that will bring the account current as soon as possible but no later than October 15

**Certificate
of Need**



Winter Hardship Reconnection assists customers whose service has been disconnected for non-payment. Customers can determine eligibility for a Winter Hardship Reconnection at the Cabinet for Health and Family Service or its designee. This program is available November 1 through March 31 in accordance with 807 KAR 5.006 Section 16.

If approved, customers must:

- Pay one-third (1/3) of outstanding balance or \$200, whichever is less
- Agree to a repayment schedule that will bring the account current as soon as possible but no later than October 15

No deposit is required to reconnect service.

**Winter
Hardship
Reconnection**



Customers with a medical condition that may be aggravated by termination of service may receive a **Medical Certificate** pursuant to 807 KAR 5.006 Section 15 2(c). The medical certificate form or documentation must be completed by a physician, registered nurse, or public health officer and can be used to prevent disconnection of service.

Customers using a Medical Certificate:

- Will not have service terminated for thirty (30) days
- Can negotiate a partial payment plan, including bringing the account current by the following October 15

**Medical
Certificate**



Customers using life support medical equipment such as oxygen, dialysis and CPAP can request a life support form be send to their physician's office. Upon receipt of a completed form, the account is noted with life support equipment in use.

Accounts coded with life support equipment are:

- Given prioritization during outage restoration, when possible
- Contacted prior to a planned outage
- Reviewed and given greater leniency during the collection process through payment arrangements and extensions
- Communicated with frequently on ways we can help. Examples include phone calls by local customer service representative, emails, and letters providing information on programs available.

Annual reverification is required.

**Life
Support**



Billing Options and Payment Plans

Average Monthly Payment (AMP) Plan

- Makes budgeting easy, the amount due fluctuates less than seasonal bills
- Bill amount is based on 12 month rolling average
- No settle up bill
- Meter is still read each month
- Monthly bill still shows actual usage and total account balance for reference
- Cannot be past due when enrolling

Budget

- Pay same amount each month
- Budget amount is based on 12 month average
- Budget amount is reviewed several times per year and may be adjusted if usage has changed
- Settle up bill at end of 12 months; pay current usage +/- accumulated budget balance
- Can only add to account from April through December, not available in winter

Extended Payment Arrangement (EPA)

- Total account balance is divided into installments to ease paying a large balance
- Customer must pay an initial installment, normally within 10 days. The remaining balance is divided into installments, up to 5 months
- EPA installment is due with current balance or budget/AMP amount by the due date
- EPA will default if paid late and then full balance becomes due



Kentucky Power uses AMR meter technology which includes digital meters that are read from a distance using radio frequencies. With AMR technology, 167,099 meters are read each month. In 2023, actual meter readings were obtained and used for 99.2% of bills issued. Customers can view the current meter reading and read type on their bill each month.

Other benefits of AMR meters include:

- Customers can easily read their own meter on the digital screen for comparison or tracking
- Employees limit exposure to hazard such as slips, trips, falls, and dogs

**Meter
Reading**



Kentucky Power's collection process provides on average 45-days before service is subject for disconnection.

- Initial bill issues and is due in 15 days. Proposed extension to 21 days as part of Case 2023-00159.
- Approximately 30 days after initial billing, a new meter reading is obtained and another bill issues
- For accounts with a past due balance that are eligible for disconnection, a separate disconnect notice issues the day after the new bill
- Disconnect notices provide 15 days notice before pending disconnection

At any point in the collection process prior to the disconnect date, customers can contact Kentucky Power to discuss options such as payment arrangements, assistance programs, certificate of need or medical certificate.

Disconnecting service is the last resort.

2022 Disconnect Data:

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
29	487	694	667	742	669	573	415	792	751	396	188	6403

Collection Process



Kentucky Power goes above and beyond the required regulations, such as:

- Self imposed temperature guidelines for disconnecting service. Kentucky Power does not disconnect residential accounts when the temperature is forecasted to be above 92 degrees or below 32 degrees within the next 24 hours without speaking with an adult member of the household
- Special credit rules during winter to allow more flexibility in assisting customers
- No late fee charged to residential accounts

**Other
Ways We
Help**



- One on one discussions with customers who have a concern or inquiry. This can include contact directly to Kentucky Power or inquiries received by the PSC, AG or BBB about various topics including high bill concerns, tariff questions, or any other issue
- Working with the Department of Community Based Services to provide a list of addresses affected by outages following a major event. This expedites the process so customers can easily receive replacement SNAP benefits

**Other
Ways We
Help**



Kentucky Power continues to focus on customer communication and adapting to the changing ways customers want to receive information. We want to ensure we are educating customers and providing valuable information. Monthly themes are used to provide relevant and timely information.

Ways we communication include:

- Emails
- Social media posts
- Website
- Customer newsletters (quarterly)
- Targeted mailings for vulnerable accounts
- Bill messages
- Bill inserts
- Automated phone calls

**Communicating
with Customers**



Our Customer Services team regularly make proactive contacts with our commercial customers. Our goal is to ensure customers have a primary contact, know how Kentucky Power can assist them, promote relevant electrification opportunities and provide information on potential grant funds.

Customer Communications for Grant Programs:

- EPA Clean School Bus program for public schools - Two school districts in KPCO's territory awarded 2022 funding.
- National Electric Vehicle Infrastructure (NEVI) Program - Travel stop in Grayson recently awarded 2023 funding.

Federal grant toolkit available for customers at
www.kentuckypower.com/business/federal-grants

**Proactive Focus
for Commercial
Customers**



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Contacts

EXHIBIT 6

Kentucky Power's HEART and THAW Information Sheet

KENTUCKY POWER'S HEART AND THAW PROGRAMS ASSIST CUSTOMERS IN NEED

Kentucky Power offers programs to assist low income customers and others in need of help. **Home Energy Assistance in Reduced Temperatures (HEART)** and the **Temporary Heating Assistance in Winter (THAW)**. Both programs are funded with customer and company contributions. In 2024, the company and its shareholders contributed \$1,209,940 to the programs.

WHAT IS HEART?

HEART provides participating Kentucky Power residential customers who have electric heat with \$115 of assistance each month January to April. Qualifying customers with non-electric heat can receive \$58 a month for those same four months.

The program is administered by Community Action Kentucky and its local community action agencies. The agencies follow specific guidelines to determine who qualifies for assistance.

Kentucky Power customers also can contribute funds to help through Donation HEART. Just check the box on your paper bill and indicate an amount and it will be added each month. Kentucky Power will match donations up to \$20,000 a year. Currently, there is not an option to donate to HEART online.

WHAT IS THAW?

THAW provides participating Kentucky Power residential customers with assistance up to \$175. The program is available January through April or until designated funds are depleted on a first come, first served basis.

Who can qualify for THAW?

- Nearly anyone who can demonstrate hardship with Community Action of Kentucky and the local CAK agency.

Community Action of Kentucky agencies are:

- *Big Sandy Area Community Action Program*
Counties: Floyd, Johnson, Magoffin, Martin and Pike
bsacap.org 606-789-3641
- *Gateway Community Action Agency*
Counties: Morgan and Rowan
gatewaycaa.org 800-927-1833 or 606-743-3133
- *LKLP Community Action Council*
Counties:
Knott: 606-785-3322 **Leslie:** 606-672-2155
Letcher: 606-633-4458 **Perry:** 606-436-3161
lkcp.org
- *Middle Kentucky Community Action Partnership*
Counties:
Breathitt: 606-666-5902 **Owsley:** 606-593-5103
mkcap.org
- *Northeast Kentucky Community Action Agency*
Counties: Boyd, Carter, Elliott, Lawrence, Greenup
nkcaa.net 606-286-4443 or 800-817-4443

Customers who do not qualify for either **HEART** or **THAW**, yet are struggling to pay their electric bill, can still get help. Call 1-800-572-1113 to speak with a Kentucky Power representative to arrange a payment plan.



An AEP Company

Go to KentuckyPower.com for more.

EXHIBIT 7

Kentucky Economic Data Analysis [Excel]